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FINANCIAL TIMES

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WIPAC

SENTINEL
Rear fog lamps

NEWS SUMMARY

GENERAL

Iran fears health of Khomeini

Iran's religious leaders are showing acute anxiety about the health of Ayatollah Khomeini, and his followers have been asked not to burden him with unnecessary visits.

Meanwhile, the Iranian Foreign Ministry has denied reports from Beirut that six of the U.S. hostages held by students had been killed while trying to escape. Page 2

£200,000 raid

A gang which set up a fake jeweller's shop in Romford, Essex, lured salesmen there, held them up with iron bars, bound and gagged them, and escaped with £200,000-worth of gems.

Chase death

Charges are unlikely to be brought against a man who chased, caught and sat on a 20-year-old purse snatcher, Leroy Eldridge Gordon, who later died. West Midlands police said. The chase happened after a woman, 74, had her purse snatched.

Goldsmith probe

The Trade Department is investigating a complaint that Sir James Goldsmith has been in breach of section 27 of the Companies Acts by not disclosing share dealings in Generale Occidentale. Back Page

Carnival plea

Metropolitan Police Commissioner Sir David McNeer urged visitors to this weekend's Notting Hill Carnival not to let it be spoiled by a minority who saw it as a chance to steal, fight, or disrupt.

Peace bid

Leaders of factions in the Chad civil war have been invited to peace talks in Lome, Togo's capital. The Organisation of African Unity said.

Air pioneer dies

James Smith McDonnell, a pioneer of the U.S. aerospace industry and founder of aircraft builder McDonnell Douglas, died in St. Louis, Missouri, aged 81.

Archers death

Actor Norman Shelley, who played Colonel Danby in BBC Radio's *The Archers*, collapsed and died at Finchley Road Tube station. He was 77.

England wins

England beat Australia by 47 runs in the second Prudential Trophy match at Edgbaston. Cheech made 108 and Boycott 78 towards England's final score of 320 for 8. Australia were 273 for 5.

Grizzly lost

Soldiers, police and volunteers failed to find Hercules, a 40-stone grizzly bear at large in the Hebrides after escaping during filming for a TV commercial.

Briefly

Massey-Ferguson is to offer farmers a free Mint with every £20,000 combine harvester sold after September.
Police launched investigation after boy, 5, drowned in a crowded swimming pool at Sutton-in-Ashfield, Notts.
Urgent supplies of vaccine were flown into Heathrow from Paris to combat the dog disease parvovirus.

PUBLISHER'S NOTICE

The Financial Times will not be published on Bank Holiday Monday, August 25.

CHIEF PRICE CHANGES YESTERDAY

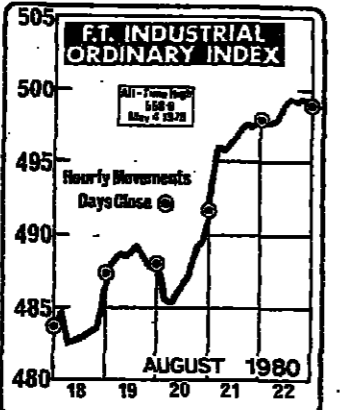
(Prices in pence unless otherwise indicated)

Alloyed & Smithers	322	+19	Realty Div. Corp. 'A'	52	+4
Assoc. Dairies	214	+6	Security Centres	56	+5
Brown Shipley	368	+10	Stocks (J.)	100	+6
Cheung Kong	214	+16	Thorn EMI	372	+8
Cope Sportswear	17	+4	Vickers	135	+4
Distillers	221	+6	Wiseley Hughes	247	+4
Fidelity Radio	41	+9	Aran Energy	456	+16
Grand Metropolitan	165	+4	Candeca	197	+5
Harris Queensway	164	+8	Charterhouse Pet.	89	+4
Hazelwood Prop.	100	+5	Silvermines	146	+6
HK, Kowloon Wharf	775	+45	FALLS:		
Hunting Assoc.	335	+20	AT Ind. Products	15	-2
Keyser Uthman	85	+4	AC Cars	48	-6
Leasing (J.) 'A'	56	+5	Blue Circle	572	-10
Martin (R. P.)	72	+5	Coral Leisure	56	+4
Polly Peck	100	+8	Grattian Warehouses	62	-6
Racal Electronics	301	+10	Hallam, Sleigh	10	-2
			Rush & Tompkins	206	-5
			Gopeng Coas.	615	-25

BUSINESS

Equities up 15.1 on week; \$ firmer

EQUITIES consolidated their advance, the FT 30-share index picking up a point to finish at



495.9, a rise of 15.1 on the week. The FT-Actuaries All-Share index extended its high by 0.3 to 290.0. Page 24

GILTS eased on overnight consideration of the record FSR. The FT Government Securities index fell 0.21 to 68.97. Page 24

DOLLAR recovered to DM 1.8075 (DM 1.7945), its highest closing level for more than three months. Its trade-weighted index was 84.8 (84.7). Page 22

STERLING's index edged up to 75.7 (75.6) to equal its 51-year high. Against the dollar, it closed 40 points down at \$2.3660. Page 22

GOLD fell 5¢ in London to close at \$37.5. Page 22

WALL STREET was up 5.64 at 960.67 near the close. Page 16

HAPAG-LLOYD is to take over the routes of Hansa, the West German shipping line which has filed for insolvency. It is also to buy five of Hansa's cargo liners and take a further vessel on long-term charter.

TEN International banks have signed a \$70.4m (£29.7m) medium term export facility for Jordan's airline Alia towards the purchase of Rolls-Royce engines and spares.

DOMESTIC PETROLEUM of Calgary has signed a letter of intent to borrow C\$400m (£145m) from the Japanese National Oil Company. Page 21

R. P. MARTIN directors are "very intrigued" by the past week's flurry of trading in the money broker's shares by two Panamanian companies. Page 14

FRANCE and West Germany are to build two television and radio broadcast satellites. But officials denied that either country had pulled out of the 11-nation European Space Agency.

U.S. CONSUMER price index in July was unchanged from June figure, the first time in 18 years that it has not shown an increase. Back Page

WORKERS at Kaiser Steel, America's ninth largest steel producer on the verge of collapse, are to be asked to accept voluntary wage cuts. Back Page

PILOTS of Scandinavian Airlines System are to take two weeks' unpaid leave next year to save the jobs of 100 colleagues threatened by redundancy.

S. PEARSON and Son is to buy for \$11.3m (£4.7m) a 9.5 per cent stake in Cedar Point, a U.S. company that operates two family amusement and recreation centres. Page 14

CAVENHAM, a General Occidental subsidiary, finished the year to March 29 1979 at a profit of £2.62m on sales up ahead at £1.88bn to £2.31bn. Page 14

K. O. BOARDMAN International, the clothing group, was left with an attributable loss of £1.44m for the year to March 31, compared with a profit of £56,000. The final dividend is being omitted. Page 14

Polish leaders take tougher line over strikers' demands

BY CHRISTOPHER BOBINSKI IN WARSAW

THE FOCUS in the wave of Polish labour unrest shifted yesterday to the northern port of Szczecin, where a Government commission was apparently taking a tough line in talks with strike leaders.

Mr. Kazimierz Barcikowski, the Deputy Premier, leading the talks in Szczecin, was reported by dissidents to be offering the strikers pay increases lower than those the authorities were willing to grant in earlier talks with workers in Gdansk.

A member of the Movement for the Defence of Human Rights said Mr. Barcikowski had offered changes in the official trade union movement statutes in reply to the strikers' demand for a free union movement.

The dissident added that there had also been unrest in Silesia. Poland's main coal-mining region. Miners, as well as some policemen in the region had been arrested for expressing sympathy with the strikers, he said.

Some workers at the Nowa Huta steelworks in the southern city of Krakow joined the strike yesterday, and furnace workers said they would walk out tomorrow morning.

In Gdansk, where the Baltic port strikes started, Bishop Lech Kaczmarek expressed understanding for the strikers, "who are demanding an improvement in their material and other

UK PROTEST AT SOVIET JAMMING

BRITAIN'S Chargé d'Affaires in Moscow has been instructed to arrange a meeting with Soviet officials to complain formally about the jamming of the BBC's Russian language programmes (Elaine Williams writes).

Since Wednesday all programmes transmitted by the BBC, Deutsche Welle and Voice of America have been jammed because of possible reaction to the strikes in Poland.

Instead of transmitting a

high-pitched noise on the same frequencies as British programmes—as in 1968 when Russia invaded Czechoslovakia—Russian programmes have been broadcast so that neither can be understood.

The BBC is considering switching to other frequencies in an effort to foil the jammers. The BBC normally transmits on six frequencies in the shortwave band for more than 36 hours a week. Transmitters in Cyprus and Malindi, near Oman, boost the signal to the Soviet Union.

Continued on Back Page

Times journalists strike despite closure warnings

BY CHRISTIAN TYLER, LABOUR EDITOR

TIMES JOURNALISTS yesterday carried out their threat to go on strike for the first time in the paper's 195-year history, despite warnings that the paper could be closed down "within days" if they did so.

The paper did not appear today and was not expected to be published on Monday, following the failure of conciliation talks at the Advisory, Conciliation and Arbitration Service over the last two days.

An emergency meeting of the Times Newspapers Board has been called for tomorrow to discuss the strike. The issue before it is whether to meet the journalists' demand that a 21 per cent pay increase recommended by an independent arbitrator should be implemented or whether to stand fast on its 18 per cent offer.

A senior editorial executive of the Times said the management was afraid of consequential pay demands from its printers, now entering annual negotiations, if its 18 per cent cash limit was breached by the journalists.

The Times has said it will

suffer a £10m trading loss this year and has already borrowed £18m from the parent company. The company lost £40m as a result of the 1978-79 shut-down and estimates the present strike could cost it another £600,000 a week.

The company has already made separate efforts to secure guarantees from the print workers about the operation of new technology and discipline—issues which figured in the shut-down.

The decision to go ahead with the strike as taken yesterday by 117 votes to 54 with one abstention at a meeting of the group's editorial committee, chairman of the Toronto-based parent company. A senior executive said: "There is a very serious possibility of the paper closing. We cannot go on pouring money down the drain."

ACAS conciliation talks founded on the question of the proper basis for continuing negotiations. Management said it would negotiate on the difference between its offer and the arbitration recommendation, but the journalists wanted a commitment that the award would be honoured even if it had to be spread in such a way as to reconcile it with the 18 per cent limit on the increase in the pay bill.

The company has offered an increase of £550 plus 12.5 per cent to its 276 journalists, compared with the £1,000 plus 12.5

Continued on Back Page

Coral Leisure profits collapse

BY REG VAUGHAN

THE Coral Leisure Group, which is threatened with loss of its London casino licences following police and Gaming Board objections, saw its profits virtually eliminated in the first six months of this year.

Pre-tax profits collapsed from £5.85m in the corresponding period last year to £327,000. This was caused by a big drop in profits from the casino operations, which contributed more than a third of the 1979 group total, by the lower demand elsewhere in the group generally, and by increased off-season expenses.

Coral warned yesterday that "it was now unlikely" the profit shortfall would be made up in the second half.

In 1979 the group achieved a trading profit of £31m com-

pared with 1978's £26.2m, with the casino division contributing an increase from £7.1m to £11.2m.

The stock market reacted to the results by clipping the share price 4p to a year's low of 56p. This reduced the market value of the group to £47.2m at the end of the day.

The group takes in a betting shop chain, casinos, greyhound stadiums and Pontin's holiday centres and hotels. It said that, with the exception of racing, which showed record results, most divisions could not match the profits earned in the previous half year.

The hearing on the renewal of the group's casino licences before the South Westminster licensing justices, which began on July 7 and was adjourned at

the end of the month, resumes on September 22. It is expected to end shortly afterwards.

The Metropolitan Police and the Gaming Board seek cancellation of the licences of the group's London casinos—the Palm Beach, the Curzon House, and the International Sporting Club—and allege breaches of gaming laws and crimes involving dishonesty.

Mr. Bernard Coral, former head of the group's casino division, who quit the main Board in June, faces 12 charges, including conspiracy to pervert the course of justice. He has been remanded on bail until September 21. A further 31 past and present Coral employees face a variety of charges.

Details, Page 14; Lex, Back Page

Bonn and GDR cancel talks

By Jonathan Carr in Bonn

THE SUMMIT MEETING between East and West Germany fixed for next week has been cancelled at Bonn's request because of the unrest in Poland. It would have been the first formal inter-German summit for a decade.

Chancellor Helmut Schmidt telephoned Herr Erich Honecker, the East German State and Party leader, yesterday from Hamburg to explain why he wanted to call off the dog to have shown understanding for meeting. Herr Honecker is said to have decided.

A Bonn Government statement issued after four hours of talks between Herr Schmidt, Ministers and advisers stressed that Bonn wanted talks with East Germany to improve both inter-German and European relations.

Developments in the past few days had shown that next week was not an appropriate time for these discussions, the statement said. They should go ahead at a time when they would be better able to fulfil their aim.

The statement did not specifically mention the Polish unrest, which has already caused Mr. Edward Gierek, the Polish leader, to drop talks he planned in Hamburg this week with Herr Schmidt.

The West German Government has for days been torn with doubt over the planned talks with Herr Honecker, for foreign and domestic policy reasons.

It was felt in Bonn that Herr Honecker would hardly have room for manoeuvre in his negotiations with Herr Schmidt so long as the outcome of events in Poland was unclear.

Key items on the agenda of the inter-German talks were to have been closer economic links and human contacts, with Bonn helping to finance energy and other projects in East Germany and East Berlin permitting more of its citizens to visit the West.

Beyond that, Herr Schmidt was anxious to discuss with Herr Honecker (and Mr. Gierek) what role East and West European states could play to give a further boost to disarmament negotiations, notably through the security conference planned for Madrid in November.

With General Election day in West Germany only six weeks away, Bonn's Ostpolitik is re-emerging as a major campaign theme.

The West German Opposition is trying to show that this policy has helped support repressive Communist régimes.

Blockade of French ports eases

BY DAVID WHITE IN PARIS

SIGNS of a relaxation appeared yesterday in the blockade of French ports by striking fishermen, and several harbours were reopened temporarily to traffic.

Le Havre, the most important commercial port affected, was voluntarily reopened by fishermen for 24 hours. Car ferry services were also resumed at the Brittany ports of Saint Malo and Roscoff, where the barricades of fishing boats were lifted for the week-end.

Doubts remained over how long the improvement would last. The possibility of the protest movement building up again was underlined by the Communist CGT union calling for stronger action and a national tug-boat strike after the French navy's intervention to free the Mediterranean oil terminal of Fos.

The relaxation came after hovercraft services had been disrupted for the first time. Fishermen from Boulogne occupied the hovercraft terminal at Calais for several hours in the morning.

But hovercraft services, which had continued to run from Boulogne and Calais while shipping routes were cut off, were resumed later.

The port of Rouen in Nor-

mandy remained free, but dockers refused to unload a container ship which broke through the blockade on Thursday.

Yesterday's moves came ahead of a series of meetings today between local prefects and fishermen's representatives. A national conciliation board is due to meet on Monday to discuss the industrial dispute between Boulogne trawler owners and their employees, which was the origin of the protest movement.

The port of Fos was eventually freed overnight in the authority's first determined military intervention since the outbreak of the dispute. Four tankers which had been trapped in the port were escorted out, and activity was said to be back to normal yesterday.

But a further meeting between local fishermen and regional Government officials at nearby Martigues failed to make any progress, and trawlermen were threatening to impose their blockade again.

Employers at Dunkirk have joined the backlash against the fishermen's strike movement, and demanded that the navy be sent in to free access to shipping.

Ferries confident of meeting Channel rush

BY OUR SHIPPING CORRESPONDENT

ALL THE major cross-channel ferry operators said yesterday that there was still room for last-minute travellers this week-end.

After being disrupted yesterday morning the two UK hovercraft operators were operating normally last night.

Sealink, all French sailings switched to Ostend. Company is operating 27 sailings a day out of Dover and six out of Folkestone.

Townsend Thoresen: four ferries operating from Felixstowe and ten from Dover, providing a total of at least 24 sailings a day into Zeebrugge.

P & O: Six sailings a day between Dover and Zeebrugge, and one per day from Southampton to Zeebrugge. London-Ostend jetfoil service operating normally—three round trips a day.

Brittany Ferries: Plymouth-Roscoff and Portsmouth-St. Malo routes operating normally.

Dunkirk-Ramsgate Ferries: Service switched from Dunkirk to Vlissingen (Flushing) in Holland. An intermittent service

out of Ramsgate of one/two sailings a day.

Olau-Line: Sheerness to Flushing service operating normally. Two sailings a day plus plenty of vacancies.

Seaspeed: Dover to Calais/Boulogne hovercraft services operating normally. Frequency of 18 round trips daily being increased.

Hoverlloyd: Ramsgate-Calais hovercraft service operating normally—up to 27 round trips daily.

Seajet: Brighton-Dieppe jetfoil service (passengers only) remains suspended. Yesterday stranded British motorists besieged the ticket desks at Charles de Gaulle airport in Paris in an attempt to beat the French fishermen's blockade.

\$ in New York

	Aug. 21	Previous
Spot	\$2.3645-2.3655	\$2.3660-2.3700
1 month	1.30-1.35	1.35-1.40
3 months	1.30-1.35	1.35-1.40
12 months	1.30-1.35	1.35-1.40

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OVERSEAS NEWS



A cross, lit at night with coloured lights, stands outside the shipyard at Gdansk, a memorial to the workers killed in the 1970 riots at the yard where Lenin's statue was watches... ignored.

Under Lenin's eye, the workers unite

Chris Bobinski, recently in Gdansk, reports on how the strikers decide who suffers and who may work

A LIFE-SIZE statue of Lenin stands on the stage gazing down on the main conference hall in the Gdansk shipyard. After years of presiding over dull and predictable official meetings and ceremonies, it must come as something of a relief to the Soviet revolutionary veteran to see the working class actively involved in the struggle for its rights.

The 600 or so delegates in the inter-strike committee, which is co-ordinating the action in Gdansk, sit along tables listening to and applauding speakers as they recount the situation in their strike-bound and occupied plants.

In one corner women stand making sandwiches for the delegates. In another, people type out appeals and lists of striking plants.

The inter-strike committee meetings are held twice a day. A loudspeaker system broadcasts the proceedings throughout the shipyard and they can be heard outside the gates, where hundreds stand and listen.

Delegates decide on the problems of the individual plants.

A representative from the glass-works in Starogard and Gdansk tells the others that installations at his works have to be repaired as enormous damage would occur if this was not done.

Mr. Lech Walesa one of the strike leaders, suggests that the glass workers should do the job. "We mustn't allow damage, we mustn't allow the machinery to suffer," he says, and the delegates clap their approval.

Someone else explains that the police are stopping trucks which the strike committee has permitted to deliver essential supplies to the shops, because they have a Red Cross sign on their windows, showing they are not strike-breaking. "Stop deliveries," someone shouts, and someone else suggests that the Red Cross signs should be painted on the trucks so the police can't rip them off.

People are constantly coming up to the stage to announce that

some other plant or business has come out. "I'm from the TV repair men in Gdansk and we've decided that as the radio and TV aren't telling the truth about what's going on here, we're going to stop repairing sets," a man says to applause.

All the time it is obvious that the concept of a strike in a country where there are no formal owners of industry is unclear. The strikes in Gdansk are more akin to a demonstration.

The strike committee continually has to decide how much society should be made to suffer. Some plants who are supporting the committee have been allowed to carry on working as they operate essential services — the power plants, bakeries and food deliveries, for instance.

People are well aware of the social cost of the stoppages. One woman even got up to propose that some of the strikers

"instead of doing nothing all day," should go out and help with the harvest.

On the other hand, everyone knows that the only chance of winning the demands is for the strike to continue. One of the arguments against permitting some of the buses and trams to ferry workers on essential services home and back is that the lack of transport on the streets is a symbol of the strike for the people in the town as well.

If they saw one driver coming out, a woman argues, "the townspeople would call him a strikebreaker."

"It's amazing," she adds. Before, they were always complaining about the buses not running on time. Now they haven't seen them for six days, and no one is moaning.

There is some police harassment of the strikers. Vans from striking plants are stopped and searched and occasionally driving licences are taken away.

Some strike delegates have been held for a few hours at a time, but handled gently.

The authorities are particularly eager to lay their hands on leaflets produced by the strikers. There is a small printing press in the Gdynia Paris Commune shipyard and the police stop cars going in and out.

One night they tried to halt an ambulance driven by strikers as it was leaving the shipyard. It didn't stop and was chased to the Gdansk yard 15 kilometres away. The next day the police stopped any ambulance they saw, convinced they were being used to carry leaflets.

Religious practice is on the increase. Church services are now held at some of the striking shipyards every day. At the Gdynia yard the strikers say the cross they have put up will stay when the strike is over. At night it is illuminated with coloured lights.

Lenin, ignored by the workers' delegates in the Gdansk shipyard, must be wondering what the world is coming to.

Aerospace planning committee for Italy

By Rupert Cornwell in Rome

THE ITALIAN Government has set up a top-level committee to produce a co-ordinated plan for the development of Italy's dynamic but highly fragmented aerospace industry.

The working group, to be made up of top executives of the leading aerospace concerns — Aeritalia and Agusta for the public sector and Aer Macchi and Piaggio from the private — as well as from the two main engine producers Fiat and Alfa Romeo, aims to put the industry on a sounder footing to take part in the joint ventures increasingly dominating the sector in Europe.

Previous efforts at industrial planning in Italy have not been over-successful. In the past, state intervention has tended to come in the form of rescue operations for stricken companies and has been conceived for social rather than economic motives.

However, the aerospace sector boasts a steadily growing workforce, currently at 38,500, and increased sales in 1979 to L.1,120bn (£580m). Total investment in 1980 is scheduled to rise to L.185bn, from L.160bn last year.

Economy slows in France

By Robert Maudslayi in Paris

THE SLOWDOWN in economic activity in France since early this year has been confirmed by the latest industrial survey conducted by the National Institute of Statistics (INSEE).

The institute reports that French industrial production is expected to decline by about 5 per cent between the first and last quarters of this year as a result of falling domestic and foreign demand.

Demand for consumer goods is expected to remain slack throughout the rest of this year and a marked fall is predicted in foreign and domestic orders for capital and semi-finished goods during the third quarter.

South African imports surge

By Bernard Simon in Johannesburg

SOUTH AFRICA'S imports totalled a record R1.5bn (£833m) last month, from R1.1bn in June, bringing imports for the first seven months of 1980 to 87 per cent up on the same period in 1979.

The sharp upturn in business activity this year, and a significant appreciation of the Rand have prompted a surge in import orders, mainly for capital equipment.

Although some sectors, such as steel and ferro alloys have reported a decline in exports recently, foreign sales in July, including gold, reached R1.9bn, giving a trade surplus for the month of R399m against R419m in June.

Brazil set for \$2bn trade gap

By Diana Smith in Brasilia

BRAZIL'S trade deficit for July was \$197m (£83m), bringing the seven month trade account deficit to \$2.3bn. Publication of the figures by the Brazilian Export Bureau has caused the Government to revise predictions about balancing imports and exports.

Having insisted that foreign trade would be balanced in 1980 at imports and exports of \$20bn, Sr. Antonio Delfino Netto, the Planning Minister, has now publicly admitted that the year is likely to end with a trade deficit of \$2bn.

Iran fears for Khomeini's health

BY OUR FOREIGN STAFF

THE IRANIAN religious leadership has suddenly betrayed acute anxiety about the health of Ayatollah Khomeini.

Ayatollah Hassan Ali Montazeri, regarded by observers as the probable successor to Ayatollah Khomeini, has appealed to his followers to avoid taxing his strength with unnecessary visits.

His statement was regarded as far more important than reports from Beirut that five of the U.S. hostages held in Iran had been killed while trying to escape from captivity.

These were denied yesterday by both the Iranian Foreign Ministry and a spokesman for the students who have been

holding the American diplomats captive.

Much more concern has been caused by Ayatollah Montazeri's appeal to the nation to "try to preserve the Imam's health." The leading cleric said at Qom: "I have restricted myself to visits to the Imam. If I wish to see him 10 times I go only once and I only went on this occasion because it was very important."

Apprehension among the clerics is clearly based on the fact that revolutionary solidarity could be completely fragmented by the death of Khomeini, the essential force holding the nation together.

Montazeri said: "The Imam's good health is crucial for us. The unit of Islam and of the

country depends on the Imam staying well."

At the beginning of this year Khomeini spent several weeks in a Tehran hospital following a heart attack. His doctors instructed him to avoid any strain but for the last two months he has been fully active.

Montazeri also revealed he was in favour of the purge of unrevolutionary elements in the Government but had pleaded with Khomeini that "doctors and experts" who committed only minor offences should be treated leniently.

It was an apparent admission that Iran and the revolution could be damaged by too much ruthless zeal.

Meanwhile, a Foreign Ministry spokesman has denied

a report by the "Voice of Lebanon," the right-wing Christian radio station, that five of the U.S. hostages were killed after cutting their way through the wall in the Tehran embassy.

The U.S. State Department said they had no knowledge of any such incident.

A Soviet offer to send arms to Iran has been turned down by Tehran, the Iranian ambassador in Moscow, said today. Reuter reports from Moscow. Mohammed Mokri said that Soviet officials made the offer in response to his requests that Moscow halt its arms supplies to Iraq, which has been involved in border fighting with the forces of Iran's Revolutionary Government.



Ayatollah Khomeini: as the force holding Iran together, his health is "crucial." Clerics now want visits to him restricted.

Syria's rulers call for stronger Soviet links

BY OUR DAMASCUS CORRESPONDENT

SYRIA'S ruling Ba'ath Party has called for the strengthening of relations with the Soviet Union. The central committee, the top political authority in the country, made the call after a four-day meeting here.

Observers believe this presages an attempt by President Hafez Assad to achieve a kind of defence alliance with Moscow, without Syria giving up its stated policy of non-alignment.

Syria has close links with Moscow which has supplied it with its latest T-72 tanks, but so far the Soviet Union has refused to give Syria enough arms to achieve military parity with Israel.

Western and Arab diplomats believe this is because Syria has

not been prepared to sign a treaty of friendship and co-operation with Russia.

Syria has stepped up its crackdown on Moslem Brotherhood terrorists who have staged bombings and assassinations of regime members over the past year and a half. 19 people are known to have been killed in raids in the past 10 days.

Some 750 Moslem Brothers have given themselves up under an amnesty given last month by President Assad which expires at the end of August. Three major raids took place in the northern city of Aleppo in which seven Brothers were killed and arms, printing presses and an explosives factory were found.

Billy stresses Libya cash was 'a loan'

By David Buchanan in Washington

MR. BILLY CARTER yesterday asked Senate investigators to take his word that the \$220,000 (\$293,000) he received from Libya was part of a \$500,000 loan, and not a gift or bribe to try to influence U.S. policy.

In a second day of public testimony, the younger Mr. Carter admitted he had no written loan agreement. He was pressed hard by the nine member Senate panel on the nature and propriety of his controversial dealings with Libya, and whether he should have been punished for delaying to register as a foreign "agent" for the Libyans.

But unless the hearings which are to continue next week throw up damaging new allegations, it looked yesterday as though the much-publicised inquiry will grind to an anti-climatic conclusion. Mr. Billy Carter has shown himself glibly rather than criminal, and his brother, now on the campaign trail, has risen in the opinion polls.

Senator Richard Lugar, a Republican member of the committee, angrily berated Mr. Billy Carter for continuing to deal with Libya, while it stepped up its sponsorship of terrorism in opposition to U.S. peace efforts in the Middle East.

AP reports from New York: A Libyan student believed by federal officials to have been sent to the U.S. to incite anti-American demonstrations by Iranians has been arrested and may be deported, according to the New York Daily News. U.S. immigration and Naturalisation Service officials will decide whether to deport the student after a preliminary court hearing on September 1, the newspaper said.

By Order of the Board P. E. Brink, Secretary 19 August 1980

U.S. bid to re-start autonomy talks

BY DAVID LENNON IN TEL AVIV

THE U.S. Administration is launching a new drive to restart the Palestinian autonomy negotiations between Egypt and Israel, which collapsed four months ago after a year of fruitless discussions.

Mr. Sol Linowitz, the special U.S. envoy, will visit the Middle East next week to examine the prospects of renewing the talks on the future of the Israeli-occupied West Bank and Gaza strip, against a background of increasing strain in relations between Egypt and Israel.

The U.S. decision to activity was welcomed by Mr. Menachem Begin, the Prime Minister, when he was informed of the envoy's visit.

The talks, which were aimed at providing the 1.2m Palestinians of the occupied territories with a degree of self-government, were suspended by President Anwar Sadat of Egypt in May with differences between the two sides as great as when the talks started.

In a recent exchange of letters, both President Sadat and Mr. Begin blamed each other for the breakdown of the talks. The Egyptian leader accused Israel of negative actions over Jerusalem and Jewish settlements, which contradicted the aim of the negotiations, while the Israeli Prime Minister charged that Egypt was demanding concessions which exceeded the autonomy framework laid down in the Camp David accords.

There is little optimism here that Mr. Linowitz will be able to persuade either side to soften its position. With the U.S. elections looming, it is felt that President Jimmy Carter's envoy will not carry enough clout to pressure either side into making concessions.

Israel continues to express willingness to return to the negotiating table, but is not prepared to make any placatory gestures towards Egypt.

In Jerusalem it is felt that President Sadat may agree to renew the talks as a favour to President Carter.

Reuter adds from Beirut: Lebanon yesterday asked the 10 countries with troops in the UN peace-keeping force there for help in ending Israeli attacks. Israeli forces and their Right-wing militia allies over the past few days have repeatedly attacked Palestinian positions in South Lebanon, where the 6,000 UN peace-keeping troops are stationed.

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Bush attacks Russian 'hegemony'

BY TONY WALKER IN PEKING

Mr. George Bush, the U.S. Republican Party's vice-presidential candidate, yesterday urged stepped-up U.S. military efforts to combat what he described as the Soviet Union's "quest for hegemony."

Mr. Bush, after a meeting with Dr. Deng Xiaoping, China's senior Vice-Premier, said in Peking there was a need to increase U.S. intelligence capabilities, underline commitments to friends and allies, and improve military preparedness.

"I'm convinced that the Soviet Union is behaving in a way that indicates they don't want a relaxation of tensions with the United States," he said. "They are doing too many things that signal a much more aggressive policy. They are stepping forward in their quest for hegemony in a way that has been unprecedented in the last few years."

Mr. Bush went on: "We have

got to have a foreign policy that is going to strengthen our defence."

He said he had discussed Taiwan with Mr. Deng.

"There isn't any effort to turn the clock back. There is no two Chinas' policy," Mr. Bush said, adding that "Ronald Reagan will be a strong president, appreciated by the Chinese."

Mr. Bush admitted to a gathering of correspondents that there had been some confusion, but his discussions on the subject with Mr. Deng had been "very frank and free."

Asked if Mr. Deng had accepted his explanation, Mr. Bush said: "Who knows?"

Mr. Bush insisted there would be no sweeping changes to U.S. China policy under a Republican Administration.

He said Republicans would be bound by the Taiwan Relations Act. This was a formula

acceptable to Peking worked out before the normalisation of Sino-U.S. relations.

Referring to suggestions by Mr. Reagan on several occasions that relations between Washington and Taiwan be upgraded, Mr. Bush said: "He (Mr. Reagan) is not talking about government relations in the normal sense."

Mr. Bush said there was a need for China to be an important part of our relationship. "Mr. Reagan will not do anything to disrupt the progress that has been made."

AP-DJ adds from Washington: The U.S. has initiated an agreement to provide \$2m a year in credits for Somalia to buy U.S. weapons. In return, the U.S. Navy will be given access to the port of Berbera, on the Horn of Africa. The base was originally built for the Soviet Navy.

Arrests follow Kashmir ban

By K. K. Sharma in New Delhi

THE KASHMIR Government has cracked down on pro-Pakistan student leaders in Srinagar, capital of the state, and by yesterday had arrested 275 members of the Jamaat-e-Tulba, which has become the rallying point for Kashmiris wanting to secede from India.

The Jamaat-e-Tulba, the student wing of the Jamaat-e-Islami, an extreme Islamic organisation, had called an international conference at Srinagar yesterday, ostensibly to discuss Moslem youth problems. Government officials say the conference was meant to encourage pro-Pakistan elements, and it was formally banned.

The international conference was expected to have demanded the secession of Kashmir from India, and the ban is a move against Pakistani sympathisers by Sheikh Mohammed Abdullah, the Kashmir Chief Minister.

NZ to publish secret jobs list

BY KEITH OVENDON IN WELLINGTON

NEW ZEALAND, currently experiencing its worst unemployment since the second world war but short of skilled labour is to publish its so far secret list of priority occupations to encourage British migrants to seek jobs in the country.

The list's existence has been common knowledge for years but until now neither employers nor potential employers have known for certain whether their applications for priority in the jobs queue would be successful or not.

In addition to publishing the list, which will be freely available to anyone who wants to see it, the Department of Labour plans to run a service at the New Zealand High Commission in London from September 1 to help intending British migrants find jobs.

Under the priority system, New Zealand employers may recruit workers from overseas if the occupation involved

appears on the special list. The list is prepared on the basis of regular surveys of the New Zealand workforce and the numbers undergoing training and apprenticeship programmes.

The priority occupations are almost entirely skilled jobs. They include chartered accountant, print compositor, gas and electrical welder, machine tool operator, motor mechanic and various categories of medical doctor such as psychiatrist and anaesthetist.

New Zealand's Immigration Minister, Mr. Ansell Malcolm, explained that this "brings together" of potential migrants and employers was designed to help, in particular, small and medium-sized businesses in New Zealand which were short of skilled staff but unable to undertake their own overseas recruiting.

Although the new procedures are initially to be restricted to Britain, Mr. Malcolm said this was not a specifically pro-British policy. "We are starting there, because we have the facilities to iron out problems," he said.

UNIT TRUST AND INSURANCE OFFERS

Fidelity International Investment Managers

Gartmore Fund Managers

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE, 1980

(For information of shareholders in terms of Article 303 of The Companies Act No. 61 of 1973)

Trading Results

The unaudited consolidated profit before tax for the six months ended 30 June 1980 amounted to R12 092 000. Profit for the corresponding period the previous year was R4 517 000. In order to combat the adverse effect which the high inflation rate has on profits, the board of directors has decided to change the method of stock valuation to the LIFO (last-in-first-out) method. An amount of R2 799 000 has been provided for in the income statement for the six months resulting in a profit before tax of R9 303 000. It is expected that dividends will not be affected as a result of this change.

Group profit after tax and after providing for LIFO amounts to R6 311 000 which is R2 707 000 (78 per cent) higher than the profit of R3 604 000 for the corresponding period the previous year. As reported during June 1980 in the supplementary address of the chairman, the increase can mainly be attributed to the improved results in the steel division which is a result of higher despatches and better profit margins. Turnover of the steel division increased by 34 per cent. Notwithstanding keen competition in the market, the foundry managed to increase turnover and realised a profit compared with a loss for the first six months of 1979.

The demand for copper and cable products increased during the period under review and a satisfactory profit was realised. Despatches of aluminium products were maintained and a small profit realised compared with a loss for the corresponding period the previous year.

As a result of unstable foreign market conditions and an unfavourable product mix, Veldmaster was unable to realise a profit.

It is expected

UK NEWS

Bisgood may widen base after losses

By Christine Moir

BISGOOD BISHOP, one of the leading firms of jobbers, lost £240,000 before tax in the year to April and is studying ways to diversify.

Shareholders, which include Williams and Glyn's Bank, Legal and General and Bricom Investments, will receive the same dividend as last year, but only at the end of the year, with reserves by £249,000 to £1.5m.

The annual report and accounts, published yesterday, show that the firm managed to maintain turnover at about £778m although it operates only in the equities markets where turnover in recent years has lagged behind gilts.

It was however, unable to translate the heavy "bull" position held at the beginning of the year into profits. Bisgood had been carrying a highly optimistic portfolio expecting strong rises in share prices following "the defeat of the Socialists". Mr. Jimmy Bisgood, the chairman, explained in his annual statement.

In the event, the market went sharply into reverse immediately after the election, and Mr. Bisgood said, "the thinness of the market prevented positions being levelled off anywhere near the then current price."

"A penal Minimum Lending Rate added to our problems," he added, increasing interest charges by £100,000 to £680,000.

Furthermore, hopes of a build-up in the traded options market remained "a case of deferred" as turnover in this market failed to rise in the absence of vital tax changes. Meanwhile, the firm carried the costs of dealing staff specialising in this field.

In 1978, Bisgood attempted to merge with fellow jobbers Smith Bros, but the merger fell through after it was finally cleared by the Monopolies Commission.

Warning over heart drug

DOCTORS HAVE been warned by the Government's "watchdog" on drugs safety, of the risks of the heart drug clobrate, marketed by ICI as Atomid-S.

A trial by the World Health Organisation, published today in The Lancet, found that 25 per cent more men given the drug died than was the case with a control group.

Fidelity to go on full-time

FIDELITY RADIO, the only UK manufacturer of radios for the mass market, goes back to full-time working on September 1 after operating a three-day week for six months.

The company, which had 100 redundancies out of its staff of 600 in March, says it is able to return to full-time working because of demand for products it has recently introduced. There is particularly strong demand for its new small black and white television.

New post for Sir A. Duff

SIR ANTHONY DUFF, a former deputy secretary at the Foreign and Commonwealth Office, is to take up an appointment at the Cabinet Office from September 1.

It is understood that the post is that of security and intelligence co-ordinator.

Two magazines raise prices

TWO publications of the Financial Times group are to increase their cover prices this autumn. Commencing with the September issue The Banker magazine, published monthly by Business Publishing Ltd., will be priced at £1.75, up from £1.50. Apollo, the specialist arts magazine, will raise its price to £2.50 from £2 beginning with the October issue.

Redundancies mount in shoes and diesels

By Kenneth Gooding and Gareth Griffiths

TWO well-known companies, C. and J. Clark, the shoe manufacturer, and L. Gardner and Sons, the diesel engine group in Manchester, both in industries badly hit by the recession, announced redundancies yesterday which may total more than 1,300 in areas already suffering from high unemployment.

Gardner blamed the recession in the world commercial vehicle industry for its decision to cut its 2,450 work force by perhaps 700 in three months. It is the third diesel engine group to announce major job cuts. Cummins, the American-owned group, plans to reduce its work force by 12 per cent, more than 600, from October. Last month Perkins, the biggest diesel engine manufacturer in the UK, said it would cut about 700 jobs.

Gardner, part of the Hawker Siddeley group, has been on a three-day week since August 11. Its plant is only a few hundred yards from the headquarters of the John Myers mail order company, in Eccles, Lancs., whose closure at the cost of 1,900 jobs was announced this week.

C. and J. Clark is to close two factories at Tonypandy, Rhondda, and New Tredegar, with loss of 890 jobs. Seventy people at its Minehead factory, 30 at Dundalk, Ireland, and 40 at the company headquarters at Street, Somerset, also lose their jobs. The redundancies are in the women's shoe division, hit by competition from cheap Brazilian imports.

Clark employs 8,500 in 18 factories. It announced 150 redundancies in its men's shoe division last month.

Children's shoes are the only secure part of the shoe market at present, and back-to-school sales have been encouraging.

The company produces about 150 pairs of shoes a year, and aims at the middle-priced sector with a range from £15 to £26.

Unions at the factories were consulted over the redundancies. The announcement had been expected for two weeks. The closures will be permanent.

The British Footwear Manufacturers' Federation said yesterday that the footwear industry had been losing 1 per cent of its work force every month since the beginning of the year.

In Northamptonshire 84 per cent of shoe manufacturers were on short time, and the industry had more than 15,000 workers on short time.

Mr. Michael Fielden, director-general of the federation, said the footwear industry tended to be hit by depression earlier than most sectors of the economy. It had received little encouragement from the Government, and imports accounted for 48 per cent of the market in volume terms and 38 per cent in sales value.

Birmid Castings, part of the Birmid Quacast engineering group at Smethwick, will reduce its 960 workers by 119. It blames the slump in the car industry.

British Timken, making tapered roller bearings, will put

nearly 3,000 workers on short time at Northampton and Daventry, and plans to close the factories on three Fridays in September.

● About 1,000 at Talbot UK's Stoke plant, Coventry, switch to a one-day week from a two-day from next week because of problems in Iran. Talbot sends kits worth about £150m a year to Iran for assembly into cars there, but production difficulties have caused a build-up of stocks to between five and six months' supply.

● Most sections of the steel industry are expected to go on short time in the next few weeks because of lack of demand for British Steel Corporation flat-rolled and billet-derived products.

Fight to save 1,900 jobs hit by Myers' sale

WORKERS' representatives will meet John Myers management next month to see if any of 1,900 jobs to be axed can be salvaged from the sale of the mail order catalogue.

Most of the workers at the Manchester-based company are women. Of the 1,900 workers, 400 are part-time.

UDS Group said on Thursday that it was selling the business, and that 170,000 Myers agents and debts owed by catalogue customers would be handed over to Great Universal Stores in January.

Most of the workers belong to the Union of Shop, Distributive and Allied Workers, whose Press officer, Mr. Ted Jones, said yesterday: "Our members were shattered. We are meeting the company on September 4 to see what can be done."

"It will be a question of looking for redundancy terms. We don't think many of these jobs can be saved."

Senior union officials were not surprised that Myers should find it impossible to continue in the present slump.

"The factors that have hit the High Street will affect orders through the mail order catalogue," said Mr. Jones.

Although Myers was one of the biggest mail order businesses, it is understood to have been badly hit by high postage rates. This has been overcome by large groups such as Littlewoods and the British Mail Order Corporation by setting up distribution depots.

Even a recent £2m investment in computers to streamline the Myers operation did not save off closure.

Mr. James Smeddon, managing director, said: "The company has not been profitable for some time, and the current economic position has made the situation more acute."

The 160-year-old company's offices are in Trafford Road, Eccles, and it has a warehouse in North Reddish, Stockport. It has said there will be no redundancies before November 21.

Territorial waters may be extended

By Elinor Goodman

THE GOVERNMENT is considering trying to negotiate an extension in the UK's territorial waters from three to 12 nautical miles.

The extension could give Britain greater protection over its coastline by increasing the area in which ships would be subject to British jurisdiction. It would not affect fishing rights directly as these are a separate issue, but would probably be resisted by other shipping nations.

The possibility of an objection emerged yesterday with the publication of the Department of Trade's evidence to the Commons Industry and Trade Committee on ways to lessen the risk of accidents at sea involving noxious cargoes.

The committee's predecessor—the old Commons Expenditure Committee—called for an increase in Britain's territorial waters in its report on the same subject. In a memorandum to the new industry committee, the Department of Trade said it was considering the case for such an extension in the light of the possible implications of the United Nations Law of the Sea conference. This conference, which is due to produce an agreement early next year, is looking at a whole range of maritime issues.

British Airways worried by route licensing plans

By Michael Donne, Aerospace Correspondent

CHANGES in airline route licensing policy envisaged in the Civil Aviation Bill before Parliament could be damaging in the long term to British Airways, the State-owned airline.

Under the Bill the Civil Aviation Authority, responsible for route licensing, will be given a much freer hand, with the original Government "guidelines" to it abolished.

British Airways, in a memorandum to the Commons Industry and Trade Committee, which has been studying the finances of nationalised industries, says that it is concerned over the effects of such a change.

It stresses that unless the ground rules for route licensing are made explicit, no airline, whether already licensed or not, can foresee with confidence what view the licensing authority will take in any particular situation.

Efforts to improve matters by amendments to the Bill resulted in a clause requiring the licensing authority "to have regard to any benefits that might arise from the licensing of additional British carriers on a route."

British Airways says this is "a particularly ill-considered provision, which will create problems for those who administer the licensing system and for those whose business is governed by it."

The airline is highly critical of the continuing rise in British Airways Authority charges. Government pressures for the authority to pay its way, result in its charges rising to a level that is "wholly excessive by all international standards."

In its defence the airports authority, in its submission to the committee, says failure by previous governments to grasp the nettle of airports policy "has led to projects requiring

major investment 'bunching' over a comparatively short time-scale."

Because of this, it has to catch up on investment from a low base, resulting in high current and future levels of investment, averaging about £100m or more a year up to 1983-84.

"Just as the BAA is poised to increase its capital spending to such relatively high levels, the Government is anxious to reduce the money supply."

Don-Air has applied to the Civil Aviation Authority to cut fares from Britain to Paris, Amsterdam and the Irish Republic. It wants cheaper excursions, reductions in normal fares, and introduction of instant-purchase "late-savers" from Bristol, Cardiff, Newcastle and Teesside. An example is a single fare to Amsterdam, now £68.50, down to £40 at the late-saver rate.

Newsprint import ban sought

By Pauline Clark

A BAN on newsprint imports is to be considered by dockers' shop stewards in the principal ports handling paper cargo to support 2,000 paper industry workers faced with redundancy.

Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, the main union fighting closures in the industry, indicated yesterday, however, that a formal request for national action by dockers was unlikely for the time being.

This was confirmed by Mr. Ron Todd, national organiser of the Transport and General Workers' Union, who said that any decision by dockers would be made locally rather than at national level.

A delegation of shop stewards from the Bowater papermill at Ellesmere Port yesterday met Mr. Alex Kitson, deputy general secretary of the TGWU, to press for national support in their campaign to save their mill from closure.

Leaders of another 700 workers whose jobs may be axed at Reed's paperworks at Aylesford in Kent will join the Bowater paperworkers in pressing for a national union campaign.

The Bowater joint union action committee said yesterday that a ban on newsprint imports would demonstrate the strategic importance of preserving British newspaper production. The committee emphasised, however, that it had made no formal request to dockers to block imports which were essential to the Bowater mill's main customers, the newspaper publishers.

National leaders in SOGAT are believed to be adopting a cautious approach to any plan for a trade union action which might affect the jobs of its members working in the newspaper industry.

Higher phone charges explained

By Jason Crisp

IF THE Post Office had not raised telephone charges for the second time in 10 months it would have exceeded its cash limits by more than £400m, according to evidence submitted by the corporation to the select committee.

In its evidence the Post Office accuses the Government of using the Corporation's profits to generate funds for investment elsewhere in the public sector.

"The Post Office is an expanding, profitable industry with a capital investment programme of about £150m per annum," it states. "Given the freedom to do so, it would finance a significant portion of capital investment (up to, say, 25 per cent) by borrowing."

This would accord with normal commercial practice in the private sector, the Post Office would have no difficulty

in raising funds in the money market.

It says cash limits set by the Government for the two years 1979-81 mean that the Post Office not only has to finance all its capital investment internally but has to repay £45m in loans.

The corporation's evidence is that because it faced settling pay negotiations with the engineering workers at a higher level than expected, and because of increasing inflation, it would exceed its cash limit at 1979 survey prices by about £300m. This would be more than £400m in out-turn prices.

After the evidence was submitted, the Post Office settled a 23 per cent increase with its 150,000 engineering staff. Shortly after this settlement the corporation announced increases in telephone charges, effective November 1, which average between 18.5 and 22

per cent. In the current year this will increase revenue by about £200m.

The Post Office said yesterday that it was on target to meet its cash limits. The additional savings were made by increasing the number of private exchanges leased through a finance company, by deferring purchase of buildings not urgently needed, and by cutting back on vehicle replacement.

● British Shipbuilders told the committee earlier this year that it would need £40m of external finance in 1983-84, at then estimated out-turn prices. This would be a reduction of about 84 per cent on the 1979-80 external finance limit of £250m. But this estimate is being revised as part of a reappraisal of the corporation's financial position.

Show fuels hopes for motorcycle sales

By Kenneth Gooding, Motor Industry Correspondent

THE RECESSION has caught up with previous booming motorcycle sales in the UK, but the trade hopes that the International Motor Cycle Show, which opens in London today, will put some buoyancy back into the market.

Statistics from the Department of Transport show sales in July down sharply from the second successive month. Moped (under 50 cc) registrations fell by 9.5 per cent, from 7,919 in July last year to 7,164.

Fall in registrations of bikes over 50 cc was of 13.7 per cent, from 14,194 to 12,257.

But the industry's emphasis on motor-cycles, scooters and mopeds as "economy transport," continued as a theme at the Show, produced a big jump in sales earlier this year and this continues to be reflected in the official statistics.

Registrations of mopeds are still 17.2 per cent ahead of January-July last year at 49,488, while sales of motor-cycles over 50 cc are up 16.5 per cent, at 125,13.

The show is likely to be the last at Earls Court. The next, in 1981, is at the National Exhibition Centre in Birmingham. The organisers expect attendance at this year's show to

reach more than 150,000 again before the gates close on August 30.

Among manufacturers at the show are the four Japanese majors, Honda, Suzuki, Yamaha and Kawasaki. The Italian influence is also strong, with products grouped together in a special "Italian centre."

The East European industry is well represented, with Neval motorcycles from Russia and Jawa and CZ mopeds and motor-cycles from Czechoslovakia.

Western European participants include West Germany (BMW), Austria (Puch), Holland (Batavus), France (Mobyette), and Spain (Sanglas).

'Low wage deals' failing to save jobs

MR. MOSS EVANS, leader of the transport workers' union, yesterday blamed the Government's economic policies for Britain's recession and denied any link between high wages and unemployment.

He told a conference of the Industrial Society in Birmingham that it was obvious that some workers who had accepted low wage settlements had been the ones to lose their jobs.

Wages were only a part of the whole production question in spite of Government claims that they were at the heart of the problem.

He called for selective import controls, increased public spending, drastically reduced interest rates, and devaluation of the pound to boost industry.

Mr. Evans said that unemployment was a disastrous level, with the real figure well over 2m if unregistered women and part-timers were included. The West Midlands, once the envy of Britain's depressed regions, now had 160,000 out of work.

He attacked Mrs. Thatcher's remarks that the unemployed should move to find work.

"For year after year, people have been moving," said Mr. Evans. "But to say move now—there is nowhere to go. The West Midlands can't provide the work any more."

Hoover reviews lay-offs

By Ray Perman, Scottish Correspondent

HOOPER SAID yesterday that it would look again at proposals for redundancy and short-time working after rejection by workers at the Cambuslang factory, near Glasgow, of a scheme put forward this week. The 2,500 workers were angry at the difference in lay-off pay proposed by the management. Production employees would get three-quarters of their normal wages for the one week in each month when the plant would be closed whereas white-collar staff would be paid in full.

Mr. Eddie McAvoy, shop-stewards' convenor, said after a mass meeting that management had indicated the alternative to short-time working would be 800 redundancies, but an attempt to implement them would also be resisted.

The meeting also supported a proposal to make 160 part-time workers, mostly women, redundant.

There has been no union reaction from Hoover's other plants at Merthyr Tydfil and Perivale.

Basnett hopes to see Gdansk

By Martin Dickson, Energy Correspondent

NATIONAL Smokeless Fuels is considering substantial fresh investment in its troubled South Wales plant, which is providing there is an improvement in environmental standards at the plant and a reduction in its operating losses.

This was announced yesterday by the management of NSE, a subsidiary of the National Coal Board, at a meeting with union representatives from the plant at Aberaman, Mid-Glamorgan.

The move follows the Government's refusal of a request for £36m in special financial assistance to renovate the works, using now West German method of producing smokeless fuel.

The two oldest of the plant's six batteries are due for retirement in 1982-83 and the remainder in the 1980s, but the works also faces the threat of closure by the Alkali Inspectorate on grounds of unacceptable pollution.

Unions support fishermen

THE SCOTTISH TUC has offered to support fishermen in their campaign to persuade the Government to increase aid to the industry.

At a meeting in Aberdeen, Mr. James Milne, STUC general secretary, said that the main unions in the industry would press the Government to increase the £14m aid promised to trawler owners.

They would also call for intervention to stop prices falling to the levels which led to protests by Scottish fishermen three weeks ago. Many owners said low prices made it unprofitable for them to go to sea.

TUC surveys impact of dole

A SURVEY of people who may have killed themselves rather than face life on the dole is being compiled by union leaders.

The TUC's north-west regional council is convinced that unemployment is having a great effect on the mental and physical health of families. It says some people are taking their own lives rather than face the degradation of unemployment.

A dossier of such cases will be compiled and sent with the council's views to the Government, the medical profession and the TUC.

Irvine's leisure centre—a symbol of hope for the unemployed

IN Irvine New Town they are proud of the Magnum—Britain's best, biggest and busiest leisure centre.

Facilities at the centre, which cost £3.4m and is valued at £14m, include two swimming pools, ice skating and indoor bowling rinks, and a cinema, all set in a 150-acre beach park.

Like the modern shopping centre which spans the River Irvine, it is a symbol of optimism and growth, and an expression of the belief that planning and enthusiasm could cure the dereliction and unemployment caused by decline of traditional industries.

Unfortunately, not all the leisure time spent at the Magnum is voluntary and the shoppers pass by the summer sale notices in the new centre.

In less than seven years the local unemployment rate has gone from 3 per cent to an unprecedented 16.6 per cent for the Irvine travel-to-work area.

"When the Magnum was built

it looked like a luxury. Now such places are essential to help to relieve the frustration of unemployment," said Mr. Stan Robertson, the centre's manager.

In 1973, advance factories were being let before they could be built. Professor Ronald Nicholl, of Strathclyde University, advised the Scottish Council that the north-central Ayrshire region, which includes Irvine, would be the major growth point for Scottish industrial development in the next two decades. But this optimism has been completely overturned by the recession.

"Unemployment was 10-11 per cent in 1970, then we had three or four very good years. The last six years have been terrible," said Mr. Mike Thomson, commercial director of Irvine Development Corporation.

The unemployment rate could rise even higher because of redundancies already announced.

Only a few paces from the

leisure centre some of Irvine's problems become apparent. Across the road is Rockware Glass, which employs 750 people making bottles (mostly for the Scotch whisky industry). The company recently announced that 120 people would be made redundant this year, and 130 next. The plant is suffering from the effects of the fall in whisky exports.

Mr. Norman Bibby, general manager, hopes that the plant will be more competitive after the introduction of new machines which is causing 80 of the redundancies. Four of the machines can mechanise the bottle-making process from molten glass to the final packaged pallets.

However, Mr. Bibby says that the plant's future will probably be decided by factors outside local control—the state of whisky exports and how large a proportion is shipped in bulk.

On the other side of the Magnum, across the harbour, which in the 18th century was

the Atlantic port for Glasgow, stands the Ardeer complex of ICI, the largest employer in the area. Although it is just outside the new town boundary it employs many local people.

Since Easter the nylon inter-

mediate chemical plant there, which produces a substance called "66-salt," has been shut down. The 780 employees have been carrying out maintenance and modifications while ICI's production of the chemical is concentrated at its Wilton plant in England.

When Wilton closes for an overhaul in October Ardeer will begin production again. But demand for 66-salt is only about 35 per cent of the combined capacity of the two ICI plants.

Mr. David Lambie, MP for Central Ayrshire, has expressed his fears about the long-term future of the plant. At the much larger Nobel Explosives section of the Ardeer complex, 130 workers in the detonators section have been on a four-day week.

Even one of Irvine's "success stories," Volvo Trucks (GB), which will turn out 1,400 heavy vehicles this year, is facing difficulties.

At the same time as announcing a £5.5m export order for Alisa double-deck buses designed in Irvine the company saw little hope of avoiding a three-day week between the end of September and the New Year.

The ancient towns of Irvine and Kilwinning were designated a "new town" in 1966 because of high unemployment caused by closure of a Royal Ordnance factory and local efforts at self-help.

But Irvine's growth began to level out after the three-day week, and from 1977 the trend has been downward. There have been three major blows in the past two years, not all actually in the New Town area.

In 1978 SKF ballbearings made 760 workers redundant; a Monsanto nylon-fibre plant closed last August with the loss of 750 jobs; and at the beginning of this year Massey Ferguson's agricultural vehicle factory closed with the loss of 1,000 jobs. Closure of a car-components plant this summer cost another 130 jobs.

Mike Thomson says his attempts to attract new industry to the town will involve making up a great deal of lost ground.

Previously the main job-losses had been in problem industries

like vehicles and textiles but during the past year and particularly in the past six months a much wider range of companies has been in trouble.

The corporation has seen a noticeable increase in numbers receiving rent rebates and about 10 companies, mostly small, have asked for advance rents to be deferred.

In July 3,815 people were registered as unemployed in the new town area compared with about 200 vacancies.

The immediate prospects for school-leavers look poor. This summer the new class of trainees for the textile industry is not being taken on.

Although plans to extend the shopping centre have been postponed indefinitely and population in the new town is expected to rise more slowly than expected previously, Mike Thomson is optimistic about longer-term prospects.

He is a little disheartened that having got Irvine's unemployment rate down once, the prob-

lem has to be tackled again. But inquiries are still coming from companies which would like to come to Irvine when the economic climate changes and more than £17m is being invested in new plant. Beecham already has a synthetic penicillin plant in Irvine a few miles from where Sir Alexander Fleming was born.

A new £15m multi-purpose drug plant is under construction for the company. It will provide 300 new jobs next year.

The Development Corporation believes that because of the wide range of the 180 companies in Irvine—the list runs from whisky-bottling to computer servicing, and fork-lift truck and golf club manufacture to many small companies involved in North Sea oil—the town will be able to expand quickly again.

Until it does, as Mike Thomson says: "Irvine is a very pleasant place to be unemployed. There are five golf clubs and in this area even the unemployed play golf."

THE WEEK IN THE MARKETS

Raising temperatures in a cold climate

The stock market has paid more attention to the warm weather this week than to the increasing evidence that the Government's financial policy is in serious difficulties. Equities have pushed up to a new peak on the All-Share Index, while the FT 30-Share Index has returned to the region of 500, and even gilt-edged have more or less held their own.

Apart from the trade figures, which showed a handsome current account surplus in July, most of the economic news of the week has been poor. The public sector's borrowing needs are nowhere near under control, and the slump which has knocked the stuffing out of corporate profits does not yet seem to have made great inroads into wages, a vital component of business costs.

In addition, U.S. interest rates have started to rise again, and the London money market has been very tight—judiciously so on Wednesday, which was the banks' monthly make-up day. But gilt-edged investors are still holding on to the view that sooner or later the recession will force UK rates down, rather than worrying about the amount of new stock that the Government may want to sell after the summer holidays.

Barclays bad debts

It was only five years ago that the City was forced to learn the difference between a banker's specific and general bad debt provisions. In those days the financial community was start-

ling to count the cost of the property-linked secondary banking bust. Now those lessons are being dusted over once more, the crucial difference being that it is the manufacturing sector which is suffering a cash flow strain at least and—at worst—suffering a climbing rate of business failures.

The bankers' recourse is obvious, particularly after a period in which the endowment effect on the sector's retail branch activities has been so overwhelmingly favourable. It makes a great deal of sound commercial banking sense, to say nothing of the perceived political advantages, which may be gained, to smooth the rate of profit growth by jacking up the rate of bad debt provisions. The effect is to spike what might otherwise have been another embarrassing profits bonanza.

Barclays Bank last week completed the clearing bank's interim reporting season and, like the rest of the sector, its provision for bad and doubtful debts has climbed rapidly from £26.2m in the first half of 1979 to £28.8m in the second six months of that year and, finally, to no less than £64.4m in the first half of the current period. The bulk of the increase arose in specific provisions which amounted to £38.2m net against just £1.1m in the comparable months of 1979 although a further £26.2m was taken to general bad debt reserve.

The provision was bigger than that made by any Barclay's com-

petitors but it wasn't enough to stop the bank from showing above average interim growth. With an encouraging 40 per cent rise in the pre-tax contribution from Barclays Bank International to £58.9m, the bank as a whole achieved a 13 per cent gain at £291.1m—which compares with a 7 per cent increase for the major banks combined.

Domestic profits cannot be very buoyant in the short term—rising costs and lower interest rates will see to that—but stockbroking firms such as Hoare Govett are optimistic about the benefits of overseas expansion and a more diversified gross asset base.

Composite confidence

The half-yearly figures from the three U.S.-orientated composites, Commercial Union, General Accident and Royal, published over the past two weeks, came as good news to the market which has tended to expect the worst from these companies. GA improved its pre-tax profits by one-third to £40m and Royal by 10 per cent to £62.4m, while CU was barely lower at £57.5m against £58.1m. This provided the necessary reassurance to a market that knew the underlying strengths of the sector, but awaited some positive proof of performance. The FT Actuaries Composite index improved 10 per cent in as many days following the results.

The common features of the three results is that business in

the U.S. is not as bad as feared and results in the UK are much better than anticipated. Although all three companies suffered higher underwriting losses in the U.S. over the first half of the year, the current downswing in the trading cycle seems quite mild compared with the last downturn in the mid-1970s. And it looks as if the nadir could be reached in the next year or so.

In the UK, the companies are now seeing positive results from their moves to index-link sums insured and premiums on household business. This, coupled with the mild weather in the last winter, has restored the UK business to strong underwriting profits. GA, with its major motor account, is particularly benefiting from a lower

LONDON

ONLOOKER

number of claims. The only dull sector relates to commercial fires where, as expected in a time of economic depression, there has been a large number of blazes.

The outlook for the other composites, due to report over the next few weeks, looks promising—since none of these is heavily involved in the U.S. And over the whole year pre-tax profits in aggregate should match last year's figures, backed by continued growth in investment income.

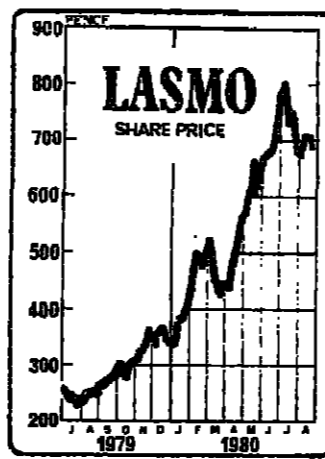
Dividend prospects also look good, although at the interim stage, all three behaved cautiously—CU's rising by 10 per cent, Royal's 12 per cent and GA's by 13.3 per cent. In particular, Royal now feels in a position to relax slightly its strict aims on underwriting quality and go a bit harder for premium growth.

Slick oils

THERE was good news this week in the world of big and medium-sized oil companies as Shell, one of the seven international majors, and LASMO, Britain's very own prodigy, produced a pleasing round of earnings figures.

LASMO came first on Wednesday with the news of a £17.5m leap in pre-tax profits from £2.8m last year to £20.4m in the first six months of 1980. But this buoyancy was not enough to prevent LASMO from dropping 17p to 703p after the announcement.

The reasons for this seeming

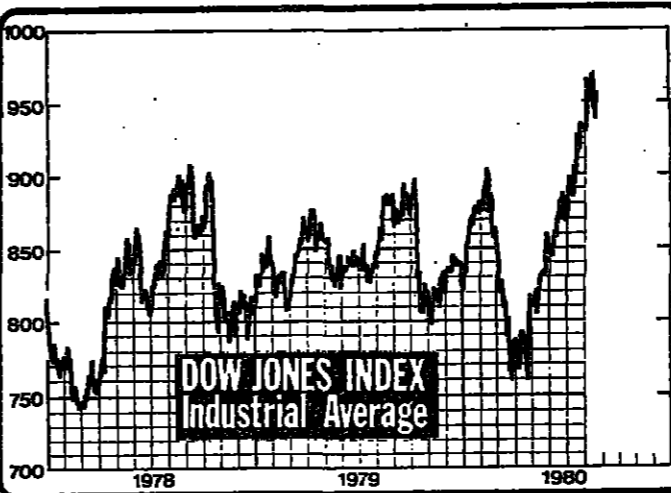


lack of appreciation included fears about the chances of hitting oil production targets at the crucial Ninian Field in the North Sea. LASMO's ticket to success. In addition, interest charges were up and the prospect of an international oil glut began to send shivers down a few shareholders' spines.

But LASMO's cash flow is expected to remain strong this year, rising above £60m and helping the group with repayments of its bank debts in the UK. It has taken on new dollar borrowings to aid its U.S. oil and gas purchases, but net debt should still fall in the second half of this year.

The goal is to clear the decks sufficiently so that LASMO can pay its first dividend next year, an event which will not produce any exceptional yield, but will be heavily laden with symbolism.

Over the past year and a half, LASMO's share price growth has been one of the wonders of Throgmorton Street. Since January 1979 shares managed to quadruple to a recent peak of more than 800p. But at yesterday's price of 680p, down 32p on the week, the shares seemed to be trading close to the estimated value of net assets.



A puzzle for the brokers

NEW YORK

DAVID LASCELLES

WHERE, OH WHERE is the U.S. economy heading? Answers on a postcard please to Any Brokerage House, Wall St., New York, NY 10005, U.S.A., as soon as possible. All contributions gratefully received, especially if they include a diagram explaining the thought process of Mr. Paul Volcker, chairman of the Federal Reserve Board.

In a week when the Dow Jones Industrial Average plummeted 26 points and then bounced back again, that heavily worked word "uncertainty" somehow fails to catch the mood. Sheer panic and blind hope would be more accurate, except that brokers try to avoid such flowery language.

The panic started on Monday in a delayed reaction to the shocking news the previous Friday (which came out only minutes after the market had closed) that the U.S. money supply had exploded by a record \$8bn.

Although the experts blamed this on all sorts of technical factors, it still raised the spectre of a renewed credit-tightening. And if this happened, there was every reason to believe that the first glimmerings of an economic recovery might be snuffed out, bringing an end to the market's five-month rally which has pushed it up more than 200 points from its cyclical low in March.

The sell-off spilled over into Tuesday, pulling the Dow down a total 26 points in only two days. Its worst fall since the Administration announced its tough anti-inflation package back in March.

The market was probably ripe for a technical correction "but its fears were sharpened by Chase Manhattan's decision on Tuesday to push its prime rate up from 11 per cent to 12 per cent, the first real upward move since the prime came off its 20 per cent peak in April. Although this should have come as no surprise to anyone who had witnessed the upward trend in short-term rates in the past few weeks, it still had headline-grabbing impact.

At the same time, several banks and loan institutions pushed their mortgage rates into the 13 per cent range, up from the 11-12 per cent low earlier this summer. This could easily abort the recovery in the housing industry which is one of the bright spots on the horizon.

But the panic evaporated in mid-week when the Government produced a string of good news: durable goods orders were up over 8 per cent in July, housing starts and disposable income also posted modest gains. And yesterday brought the best news of all: consumer prices were unchanged in July, the first time they have failed to move for 13 years.

All this gave the market new heart, even though it is perfectly obvious that the consumer price index's pause will be short-lived. The flatness in July was due to only one thing: the drop in housing costs in mid-summer. Meanwhile, sharp increases in food and other wholesale prices will feed into the CPI over the next couple of months.

Nor did the week's events shed much light on how the Fed views developments. The central bank did little, or nothing to show its hand, though the market took some comfort from the fact that it did not actually intervene to push interest rates up, as it might have been expected to in the wake of the money supply surge. The posture of the Fed in coming weeks could be crucial to the fate of the recovery.

But though the immediate outlook is hard to read, a couple of technical points could help the market. Short interest is still very high, meaning that traders will have to cover their positions if the market holds, and this will push demand up. There has also, finally, been a reversal in the phenomenal growth of the money market funds in the last few days, suggesting that investors have begun to look for new havens for their funds.

The only problem for the stock market is that they may decide to take advantage of the current weakness of the bond market to lock into attractive yields there rather than buy shares.

MONDAY	948.63	-10.09
TUESDAY	929.85	-6.78
WEDNESDAY	945.31	+5.46
THURSDAY	955.03	+9.72

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	Y'day	on Week	High	Low	
F.T. Ind. Ord. Index	498.9	+15.1	503.1	406.9	Institutional demand
F.T. Gold Mines Index	380.5	+8.0	384.0	265.5	Rise in bullion price
Ashton Mining	160	+18	170	95	Rumours of more diamond finds
Astra	176	+18	180	92	Bid hopes
Barclays Bank	426	+21	430	327	Satisfaction with int. results
Brotherhood (P.)	98	+12	98	57	Recovery hopes
Brown (I.)	65	+9	67	46	Buying in thin market
Catalin	48	-15	82	48	Interim loss
Charterhouse Petroleum	89	-14	90	72	Persistent buying
Farnell Electronics	378	+38	378	218	Speculative demand
Gopeng Cons.	615	+100	650	310	Takeover hopes
Impala Platinum	348	-14	358	240	Increased profits and div.
LASMO	682	-30	830	337	Disptg. int. results/dry well report
M.L. Holdings	350	+35	355	190	£2m rts. offer/Optimistic summt.
Progressive Sec. Inv. Trust	91	+23	92	52	Big approach
SEET	57	+9	57	46	Higher annual profits
Security Centres	56	+17	56	23	Profits better than forecast
Tate and Lyle	162	+20	178	118	Prospect of higher sugar price
Thorn EMI	372	+30	372	260	Electricals good again
Vickers	135	+10	145	99	Compensation amount agreed

Uranium—fuel for optimism

MINING

GEORGE MILLING-STANLEY

A RECENT article in this newspaper indicated that the UK Central Electricity Generating Board sees a possible role for windmills in power generation. This week's developments on the uranium front in Australia show that at least one country apart from South Africa, currently the world's leading supplier, still expects nuclear power to play a significant part.

Australia is especially rich in uranium deposits, as the accompanying map shows, and the pace of development has certainly halted up recently.

The Rio Tinto-Zinc group's Mary Kathleen mine, near Mount Isa in Queensland, may be the only mine in full production at present, but recent developments at the Ranger project and Queensland Mines' Nabarlek, both in the Northern Territory, must give some cause for optimism at the other major deposits, most of which are still awaiting exploitation.

Queensland Mines recently announced that first shipments

of uranium oxide to Japan are expected to start within a few months. Nabarlek actually reached the production stage in June, and earlier this month it signed contracts to supply TVO, a Finnish power company, with 680 short tons. This was the first sale of Australian uranium to Europe for 10 years.

Nabarlek's Japanese customers, which include Queensland Mines AS75m (£37m) towards the development costs and will take 40 per cent of output, are Shikoku Electric and Kyushu Electric, both utilities.

This week, the same two companies were among a group which signed 15-year contracts worth around A\$2bn (£885m) at 1980 prices for uranium from Ranger. Ranger's other Japanese customers were a third utility, Kansai Electric, and the metal trading house C. Itoh. Between them, these companies will take about 13,500 short tons.

The European companies in this week's deals with Ranger were West German, and they will take a combined total of 20,000 short tons.

Ranger had earlier signed contracts worth US\$150m (£63m) to supply Indiana and Michigan Electric, which is

owned by American Electric Power. The latest deals mean that around 84 per cent of Ranger's expected initial production of about 3,000 short tons a year is now committed.

Details were also released this week of the projected ownership structure of Energy Resources of Australia (ERA), the company to be set up by EZ Industries and Peko-Wendell, each of which currently owns 25 per cent of Ranger, with the Australian Government holding the remaining 50 per cent.

EZ Industries and Peko-Wendell will each dispose of their stake to ERA in return for 125m Ordinary shares of ERA and a cash sum, the amount of which is not yet known. This will give each company 30.5 per cent of the equity in ERA, which is also taking over the Federal Government's stake.

Ranger's West German and Japanese customers are to take a total of 25 per cent of ERA, or 98.4m shares in the following proportions: Rheinbraun Australia, which wholly owns subsidiary of Rheinisch-Westfälische Elektrizitätswerke, 25.62m; Australian Developments, a subsidiary of Urangessellschaft, 15.4m; Inter-Uranium Australia, a subsidiary of Saarberg-Interplan Uran, 15.35m; Kansai, 20.5m; Kyushu, 10.25m; Shikoku, 6.15m; and C. Itoh, 4.1m.

This accounts for all but 14 per cent of the equity in ERA, which is to be floated on the Australian public later this year.

This week also saw details of the financing of Ranger. ERA is to seek loan facilities totalling US\$380m (£165m), with the first US\$250m coming from a consortium of banks led by J. Henry Schroder Wagg of London and Continental Illinois of Chicago.

The remaining US\$140m will be provided by Japan Australia Uranium Resources Development, the company which is to be set up by Ranger's Japanese clients to hold their equity stakes in ERA.

Mr. Douglas Anthony, who is both Australia's Trade and Resources Minister and Deputy Prime Minister, hailed the Ranger agreements as "one of the largest export sales ever

recorded at one time for a single commodity" by an Australian company, and said that they marked the advent of the country as a major supplier of uranium to the world market.

On Friday, Mr. Anthony introduced in the Australian Parliament amendments to the Atomic Energy Act to make the sale of the Government's 50 per cent stake in Ranger to ERA possible.

He told Parliament that the Government was undertaking a major review of legislation relating to uranium mining and development, "to decide whether the existing laws are appropriate for the promotion, regulation and control of such activities."

A recent policy statement from the Australian Mining Industry Council said: "There is no valid reason for treating uranium as an exception, and in fact such treatment will militate against exploration activity in the longer term."

Uranium exploitation in Australia is hedged around with extensive Government controls, and it is not known how far the authorities are prepared to relax these in the case of such sensitive mineral, but they have at least agreed to review the position.

This can only be good news for the owners of other deposits in the country, such as Jabalura which is also in the Northern Territory. Here, Australia's Pancontinental Mining and Getty Oil of the U.S. have been waiting for almost 10 years for permission to develop the biggest uranium deposit so far found in the country.

Mr. Anthony provided further fuel for optimism by referring to Australia's responsibility, as a nation rich in energy resources, to supply these resources to others. Welcoming the Ranger contracts, he said: "The very large tonnages involved demonstrate the importance of nuclear power in generating electricity."

For those concerned at the potential proliferation of nuclear power, and what seems like a renewal of the 60-30 approach to uranium development that Australians are canny folk, and would never dream of putting all their faith in one form of power generation.

Western Australia contains three major uranium prospects. Lake Way, Yellie and the quartzite-named Thatchers Soak, but the State Energy Commission is nevertheless emulating Britain's CEBG by experimenting with wind power, mainly for supplying remote areas.

Common and joint tenancies

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Our bungalow was purchased in the joint names of my wife and myself. The agreement with the vendor refers to John Smith and Jean Smith as the purchasers, and the Land Certificate gives the same two names under the heading of "Proprietor."

I believe there is more than one kind of joint possession by husband and wife; could you say what type of possession is described above? My wife died recently; could you say what action, if any, is necessary for me to establish that I am now the sole owner, and to make it possible for me to sell the bungalow without difficulty arising over my title?

We think that you may have in mind that the beneficial, or equitable, interest in land may be held either as joint tenants or as tenants in common. Survivorship does not apply to the latter form. If your registered title shows both names in the Proprietorship Register without any Restriction appearing there, and provided no notice of severance was served on you by your wife during her lifetime, survivorship will operate to vest the whole title in you. In that case you need only lodge a death certificate with the Land Registry to have the Proprietorship Register amended to show you as sole proprietor.

Central heating and VAT

I am having my oil-fired central heating system converted to gas-fired. A new gas boiler is being installed to use the existing pipes and radiators. I am not having anything repaired. The existing system has no faults except that it burns oil. As I understand it, repairs would incur VAT liability. New installations are zero rated. I intend that installation of a new gas boiler should therefore be zero rated. From a taxation point of view (and it is taxation I am discussing), the transaction is clearly one of capital, not income. My liability is not very great but I consider that there is a principle here. Do you agree?

The rule in relation to the installation of boilers is that they are zero rated providing they amount to the alteration of a building. The Customs and Excise do not accept that the

replacement of an oil-fired boiler by a gas boiler represents an alteration to a building. We agree with you that from a taxation point of view the transaction may be a capital one, but that is not necessarily an important consideration in relation to the VAT rules.

No water charge liability

I refer to your comments under "No water charge liability" (July 19). As in the case of your previous correspondent, I have my own water supply and sewerage disposal on which no charge was levied. Under the new system a small charge is made under "Environmental Services." Under the old rating system, no charge for water or sewerage or, of course, Environmental Services was made. Is my water authority now authorised to make this charge?

If the Environmental charge is the only charge levied on your property it would appear to be a proper charge under Section 30 (1B) of the Water Act 1973 as amended, (provided that it does in fact relate to one or more of the items listed there).

Committee and members

Are the members of the committee of a society organised as a charity, responsible for the actions of the society's members, when acting as such? If so, what steps should they take to protect themselves?

It is possible for the committee to be responsible for damage caused by members, that is where the committee members are the trustees of the charity and the damage is caused using trust property. It is not possible in general terms, as to the question of liability is likely to depend in each case on the constitution of the particular charity. You should consult the charity's solicitors.

A trespassing rubbish skip

Adjoining my apartment is a car park for the use of the leaseholders of the apartments, and a shop on the ground floor. I hold the leasehold to one car parking bay. A rubbish skip belonging to the shop is often parked in my space when my car is not there. It then remains for several weeks

while I persuade the management of the shop to arrange for its removal. The shop to my joy has moved; but as a parting gesture they have left their skip in my parking place. What is my legal position? Can I take possession of the skip and sell it? If not, how can I make them move it?

The skip is trespassing, and you are entitled to require its removal as well as to claim damages. If you can locate the owner of the skip you should deal direct with the owner; otherwise the former tenant of the shop would be an appropriate defendant. You can seek an injunction in the County Court (coupled with your claim for damages) to procure the removal of the skip.

Survivorship and an estate

Referring to your reply under "Survivorship and an estate" (July 7), we were told when we bought our flat house in joint names that the house would automatically become the property of the survivor. The same solicitor acted for us when we bought this house so I assume the same conditions apply.

Most of our shares are in joint names. Do these automatically become the property of the survivor? One of these shares was listed and comes addressed to XY and one other. What happens in this case?

Is there anything we can do to ensure there are no difficulties for the survivor, please?

Joint ownership involves the principle of survivorship whether in respect of real property (land) or personal property such as shares or bank accounts. In both cases the survivor takes all the property automatically. The reference to yourself and another in a share register merely means that the company's articles provide for the first named shareholder to exercise rights such as voting, and the company is therefore not concerned with the identity of the other joint shareholder. You seem to have adopted an appropriate means to ensure that survivorship will operate.

An established use

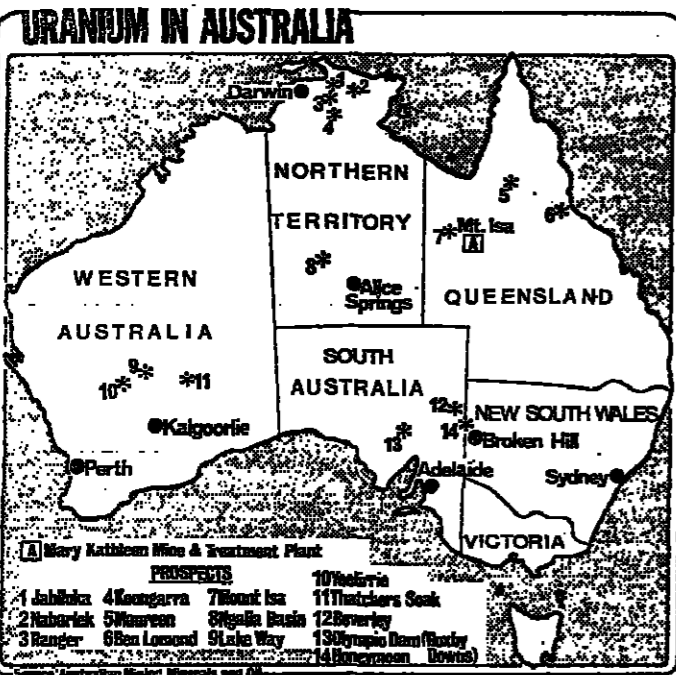
In 1964, I obtained official permission for a caravan site on the grounds of long usage, without any time limit. In 1978, the caravan was removed and the site has stood empty since then. Is there any chance that the licence or planning permission may lapse owing to non-use since 1978?

No, you have an established use. You should however preserve your certificate or other acknowledgment from the planning authority that you have the established use.

A difficult executor

As an executor of my father's estate, I am concerned that my father may not have received the full value for assets he is supposed to have disposed of during the last few years of his life, and that the papers filed for Probate may not be correct. To help me in my enquiries I wish to inspect my father's bank statements for the seven years preceding his death. One of my co-executors has joined with me in asking my father's bank to release copies of his statements, but we are being opposed by the third executor. Although Probate was granted to all three executors the bank (at Head Office level) refuses to release the statements except at the joint request of all three executors. Could I please have your comments and suggestions as to my best course of action? If I have evidence suggesting fraud, but lack positive proof, and report the matter to the Police and their

enquiries show me to be mistaken, do I lay myself open to action for libel or defamation by those involved? The Bank is right to refuse to act on the instructions of some of the executors. Your proper course is to write formally to the third executor asking him to join with you in the enquiries or to give you and the third executor authority to pursue the enquiries in the names of all three executors, and pointing out that if he will not co-operate application must be made to the court for directions. If there is no positive response, you should consult a solicitor with a view to making application to the Chancery Division of the High Court for directions whether or not the executor should pursue these matters. We suggest that you take up the question of possible defalcation with your solicitor as well. There may be a qualified privilege which will protect you, but the matter requires to be handled with skill and care.



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Terms (years)	3	4	5	6	7	8	9	10
Interest %	13	13	13	13	13	13	13	13

Deposits to and further information from the Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE18 6XP. (01-928 7622 Ext. 367). Cheques payable to "Bank of England, a/c FFI"

Finance for Industry Limited

مكتبة النجف

YOUR SAVINGS AND INVESTMENTS

Tim Dickson looks at a new set of unit trust performance figures

Returning some of the flak

HISTORIC PERFORMANCE is a key indicator for private investors trying to pick a good unit trust. There is no guarantee, of course, that yesterday's winners will be first part of the finishing post tomorrow but, in the risky game of fund management, track record obviously counts for a good deal.

The trouble is that performance tables concentrate inevitably on the best (and sometimes the worst) funds, leaving an often false impression of the showing of unit trusts generally. It is therefore a welcome sign that the Unit Trust Association (UTA) has decided to publish regular statistics which reflect the collective achievements of all its members. They will also help investors identify particular sectors.

Unit trusts have come under fire recently for what some observers feel has been a poor record in the last decade—the accompanying table should go a little way towards returning some of the flak. It shows the fate of what the UTA feels are three representative growth, income and general funds over the last five and ten years, com-

paring them with an equivalent investment in a building society and bank deposit account. We have added the FT-Actuaries All-Share Index.

The definitions of the slightly misnamed funds are as follows: The median is the fund half way down the rank order; the upper quartile is the fund half way between the middle fund and the top fund; and the lower quartile is the fund half way between the middle fund and the bottom fund.

As the table shows, and as the Unit Trust Association is proud to point out, each of these bizarrely labelled animals has managed to beat a bank and building society account over both five and 10 years. The figures are bang up to date and while it is possible to pick holes in or find excuses for any set of statistics, it is only right to point out that the periods in question have been particularly good ones for equities. Hence the showing of the FT All Share Actuaries Index.

Given the overseas weighting of many of the Growth fund portfolios in particular, direct comparison with the FT Actu-

UNIT TRUST PERFORMANCE			
	Present value of £1,000 invested on August 1, 1975	1975	1976
GROWTH FUNDS			
Upper quartile	2,338	3,155	2,727
Median	2,079	2,424	2,121
Lower quartile	1,802	1,997	1,721
INCOME FUNDS			
Upper quartile	2,388	2,768	2,424
Median	2,131	2,231	1,912
Lower quartile	1,912	2,069	1,721
GENERAL FUNDS			
Upper quartile	2,467	2,847	2,424
Median	2,223	2,614	2,121
Lower quartile	1,984	2,162	1,721
BANK DEPOSIT ACCOUNT			
	1,342	1,721	1,721
BUILDING SOCIETIES (Ordinary share account)			
	1,447	1,950	1,721
FT ACTUARIES ALL-SHARE INDEX			
	2,748	3,078	2,727

aries All Share may well be a little harsh. But then the performance over five years does not inspire too much confidence.

One interesting and perhaps salutary point emerges from putting growth and income funds side by side.

For in every case the income fund, supposedly safer and therefore more sluggish, has come out on top. The figures eloquently illustrate both the passing of growth as a fashionable investment concept and the consistently disappointing performance of Wall Street in recent years.

The Unit Trust Association also announced this week that July was another mixed month for new business. Apart from the June figures, which were distorted by the exceptional unitisation of two investment trusts, total sales of new units last month were the highest so far this year at £43.3m—but

repurchases (units cashed in) of £42.3m were also a record for 1980 leaving net new investment of only £850,000.

The impact of the new gilt funds—about eight have now been launched with another 25 or so believed to be waiting for the go ahead from the Department of Trade—has yet to be properly felt but should significantly boost this month's sales.

Unit trust managers will certainly be hoping so because demand from investors so far this year has been distinctly dull. Cumulative figures from the UTA for the first seven months of 1980 show that sales of £266m have been largely offset by repurchases of £240m, leaving net new investment of only £26m. This compares with net new investment of £36m in the same period of 1979, and £184m of net new money in the opening seven months of 1978.

Taking the sting out of taxes

CERTIFICATE of Tax Deposit (CTD) is not a fancy name likely to send savers rushing off to find their spare cash. But these somewhat dull sounding instruments, marketed by the Government through the Treasury, Bank of England and Inland Revenue, make extremely good sense if at some stage in the future you are expecting a large tax liability. This week, the rate of interest paid on CTDs was slightly improved, giving them a sharper competitive cutting edge over possible rivals.

CTDs are effectively deposits made with the Government which enable investors to earn interest on their money and offset the proceeds against a subsequent tax bill. They are particularly popular, for in-

DEPOSITS

TIM DICKSON

stance, with companies, though well-paid individuals are also attracted—at the end of January this year some £662m was tied up in this way.

Although designed with this in mind, CTDs need not be used to pay tax, though cash withdrawn for other purposes earns less attractive return. Following this week's changes, the standard rate of interest earned on money "applied in respect of an income tax liability" was raised from 14 to 14½ per cent. On top of this depositors receive an interest supplement paid only over the first three months of 2½ per cent (reduced from 3 per cent) making a three-month total of 17 per cent gross.

Although taxable, this is significantly more attractive than alternatives such as the 14 per cent currently earned on seven-day bank deposit accounts, or the 15 per cent grossed up equivalent of the building society ordinary share rate. The penalty for withdrawals, however, is severe—the interest drops to a mere 11 per cent gross.

The provision for an interest rate supplement was only introduced at the end of last month in order to offer depositors a structure more closely related to short term interest rates. It is, for example, likely to be useful if 3 month rates are higher than those for one year.

The minimum amount which can initially be deposited in a CTD is £2,000. Any subsequent addition to this minimum has to be at least £500 with the proviso that if the grand total at any time falls below £2,000 the next payment should be at least sufficiently large to top it up to the required minimum. Interest, which is not compounded but accrues on a daily basis, is worked out when you come to take out your money or pay a tax bill.

Deposits can be made at any of the 250 Inland Revenue collecting offices up and down the country.

If the princely sum of £100,000 or more is involved, the Bank of England is (not surprisingly) interested enough to deal with you direct.

To get in touch with a local office, look up the Inland Revenue in your telephone directory and look under this heading for the word collector, not inspector.



The ferry queue at Cherbourg... are they covered?

Beating the ferry queue

HOLIDAYS

ERIC SHORT

WHEN you're stuck in a car queue at a French port, it is difficult to worry about anything but getting home. But afterwards you start to think about your comprehensive holiday insurance.

There are hotel bills, the cost of meals and petrol. Even out-going holidaymakers must consider these costs.

The motorist touring abroad therefore needs comprehensive insurance which will cover against damage to the car, illness to members of the party, loss of baggage and money, and in the light of recent events cover against the consequences of disruptive or industrial action both abroad and in the UK.

The Automobile Association's Five Star policy does provide this comprehensive cover, as does the Royal Automobile Club's Family Insurance Policy. They cannot be used for settling hotel bills or paying for meals.

This is important because motorists reaching the end of their holidays are often almost out of money and cannot meet hotel bills. The saying "take half the luggage and twice the money" is usually ignored. It is not much comfort to know that one can claim back hotel accommodation if one has not

practical snags which these incidents have highlighted. Under the AA scheme the motorist has to pay the bills himself and claim back on his eventual return to the UK.

The AA emphasises that it will be willing to settle the claims with a minimum of fuss, though motorists will have to produce receipts for meals and accommodation.

The AA, on the other hand, is emphatic that the motorist cannot use the vouchers in the Five Star Cover. These are for expenses incurred in repairing cars or meeting medical fees. They cannot be used for settling hotel bills or paying for meals.

This is important because motorists reaching the end of their holidays are often almost out of money and cannot meet hotel bills. The saying "take half the luggage and twice the money" is usually ignored. It is not much comfort to know that one can claim back hotel accommodation if one has not

got the money to pay for it in the first place.

The AA has accepted that this is a problem and says that its office in Boulogne is doing everything possible to alleviate the problem. There is perhaps a need to reconsider this situation so that motorists in future can use some sort of voucher to pay bills should such an emergency arise again. The RAC scheme, meanwhile, is more flexible in that a motorist who takes the Cordon Bleu service with Family Insurance can use the vouchers.

There is, incidentally, no need for motorists to suffer hardship on holiday simply because they have run out of cash. The second lesson to be learnt from these events is the usefulness of credit cards in paying for holiday bills. Although this is an expensive method, it is clearly justified in these sort of circumstances.

One bright spot was the speed with which the insurance industry reassured motorists that their green card cover would be extended until the time that the motorists returned to the UK. And, remember, the worst that happened—a colleague earlier this year was involved in an accident less than one kilometre from the ferry terminal.

Everyone could be a granny

GRANNY BONDS, it emerged this week, may soon be available to all. The Government is currently studying new ways of tapping private savings and the idea of inflation linked certificates which everyone can buy should be high on the agenda.

One tactic under consideration at the moment is making the popular National Savings Index Linked Retirement Certificate (known somewhat irreverently as "Granny bonds") more widely available. Holders

in the last five years have at least doubled their money in nominal terms, even if in real terms it has virtually stood still. Possibilities include the relaxation or abolition of the present money and age limits, currently £1,200 and retirement age (65 for men, 60 for women) respectively.

The thinking behind the plan is to take the pressure off the gilt edged market, which the Government uses to raise most of its money. This, so the theory

goes, would allow the big institutional investors who at present have to be wooed to buy gilts to divert more of their funds into industry, probably via rejuvenated debenture market.

If inflation really is set to come down, index linked certificates would also prove cheaper for the Government to service than high-coupon gilts. Savers, however, should reserve judgment until they see exactly what the Chancellor has to offer.

T.D.

Brokers on the warpath

THE QUARREL between insurance brokers and life companies, which has been smouldering for months, this week burst into flames.

Mr. John McKirdy, chairman of the British Insurance Brokers Association's Life and Pensions Committee, made a bitter attack on life companies and the Government primarily over the level of commission paid to life insurance salesmen.

The brokers' complaints are twofold. They feel first of all, that they are getting a raw deal from life companies compared with the part-time agent and the full-time direct salesman. They are bitter that brokers have their activities regulated by legislation, while other intermediaries are subject to no controls whatever.

The amount of commission paid by life companies to brokers is laid down in a series of scales agreed between the Life Offices Association and the brokers' organisations. It applies only to companies that are members of the LOA, or the Associated Scottish Life Offices, and is strictly adhered to.

The brokers are asking for some form of differential commission from life companies to reflect the services provided. They point out that when they

INSURANCE

ERIC SHORT

get business, they do a considerable amount of work—discussing the insurance needs with the client, and seeking out the best product. And yet, they argue, they are paid the same as the agent who merely introduces the client to one life company, leaving the life company staff to do the rest of the work.

Just as galling to brokers is the fact that direct salesmen (i.e., salesmen employed by and attached to one life company) have no commission rules at all. Moreover the life company has to provide back-up services to the field staff, which the broker provides out of his commission.

John McKirdy reckons that broker business costs the life companies 25 per cent less than business acquired from other sources. The companies themselves admit that business from insurance brokers is cheaper. But only one life company allows for this in its premium rates.

The reply of the life companies is that paying more commission would be against the

consumer's interests, since it would mean higher premiums.

The case for a differential system of commissions, they say, depends on identifying the various classes of intermediary, a task which the LOA finds almost impossible. Talks on this subject have got bogged down and the frustration felt by brokers is now showing.

The brokers, meanwhile, are receiving a more sympathetic hearing from non-LOA member life companies. These companies, mostly the newer ones, claim to remunerate brokers according to the work they do for them. Some of them have a very small field staff and give brokers a completely free hand in getting business.

Mr. McKirdy points out that Crown Life, which left the LOA a few months ago, has offered increased commission to brokers without putting up its premium rates or charges. The deal is financed by increased productivity. It is rumoured that other life companies are considering following Crown's example and leaving the LOA so as to pay more commission.

BIBA is also very concerned with the growth of the "tied agent" in life selling and the implications this has for the public. Generally speaking,

these persons are "tied" to a particular life company—in return they have their running expenses paid by that life company by means of cheap office accommodation, free secretarial services, telephone, stationery and postage costs. The agent has to sell primarily products offered by his company, but he is free to place other life business and general insurance business where he likes.

BIBA claims that the activities of the "tied agent" can give the false impression to the consumer that he is being offered a proper broking service. With the distortions in the commission system, they feel that the numbers of tied agents will grow.

The life companies involved are being coy about such developments. When questioned, each puts its hand on its heart and says that its selling operations are run ethically and its agents identify themselves. Other companies, they whisper, may not be playing the game but they are whiter than white.

The need for all sides of the life insurance industry and the authorities to get down and sort things out is long overdue in the interests of those who buy insurance.

Banks v. building societies

WITH BANKS and building societies swapping furious punches in the personal savings sector, rivalry between the two institutions hotted up this week in a separate but equally absorbing sparring match.

On Thursday Lloyds Bank, the

first clearer seriously to enter the home loans market 18 months ago, announced that from September 1 it is reducing its minimum mortgage from £15,000 to £10,000.

The minimum house valuation is also coming down (from

HOME LOANS

TIM DICKSON

£20,000 to £15,000) while loans between £10,000 and £20,000 will in future qualify for a lower rate of interest—2½ per cent over the bank's base rate, against 3 per cent for bigger advances.

With home loan queues in many parts of the country now reduced to a well ordered trickle, this latest Lloyds Bank jab is hardly a body blow which will seriously shake its competitors. After all, as Mr. Norman Griggs, the secretary general of the Building Societies Association points out, who wants to pay 18½ per cent a year for a mortgage from a bank (the present interest rate at Lloyds) when the same money is available round the corner from a building society at 15-16 per cent?

On the other hand, this week's development at Lloyds is probably the clearest sign yet that the banks intend taking on building societies in their own traditional heartland. All the clearers have a toehold in the mortgage market but until this month they have been largely identified with the financing of higher priced houses—the minimum loan at Barclays, for example, is £15,000 while Midland and National Westminster are unlikely to accept application for less than £20,000.

Only Williams and Glyn's Bank, which says it will offer loans of £2,000-£15,000 to council house tenants wishing to buy their own homes, had indicated before this week that it was interested in the lower end of the market.

For the moment at least the building societies may well be able to satisfy home loan demand. But the present happy

equilibrium between the supply of and appetite for building society funds will not necessarily last indefinitely.

It is, after all, largely induced by exceptionally high interest rates, recession and the fear of unemployment. Furthermore, building societies may also find that their competitive edge is blunted a little if on the one hand they are forced to bid up their rate for deposits and on the other their already marginal tax advantages are further eroded by an increase in the composite tax rate.

Lloyds has already found a market at the top end of the housing spectrum. Since first introducing mortgages at the beginning of 1979 it has lent some £37m to 1,250 homebuyers at an average of £32,000 a time.

Altogether the bank has so far committed a total of £58m. Its latest foray may not bring massive advances or the longer term Lloyds and the other clearers obviously feel there is every justification for their presence.

GOLD

IT'S PERHAPS THE LARGEST NEW FIND IN THE WESTERN WORLD!

The yellow metal affects all our lives, whether we like it or not. So what then is its future, as the price seems to be settling around the \$800 level? Is it poised for a further massive advance or will it fall back again?

The Saudis have just called for a "Jihad", a holy war, against Israel. That would be disastrous for the world's oil supplies and would certainly force the price of both oil and gold—the world's refuge at times of tension—far beyond today's level. What too if South Africa's racial problems escalate? If the South African mines could not produce, the price of gold could easily go through the \$1,000 mark, to where many say it is already destined anyway.

In the latest FSL we have both a full analysis on gold's future, plus also a detailed look at the small, almost completely unknown, company which has just discovered what could turn out to be the largest gold find outside South Africa, with a positive recommendation to buy the shares now.

Send today for details of how to see all the above, available to FSL subscribers only, on our FREE TRIAL OFFER. You'll also find out just why we're Britain's longest-established financial newsletter and just why our "share for 1979" and our "share for 1980" have both more than doubled.

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Allied Hambro Government Securities Fund

The Trust Deed of the Allied Hambro Government Securities Fund, launched on 27th May 1980, has now been amended to achieve corporation tax exempt status under the 1980 Finance Act.

As a result, the gross estimated yield of the Fund on 19th August, when the offer price stood at 26.4p per unit, increases from 8.4% to 12.0%.

The effect of the new legislation will be retrospective to the date the Fund was formed. Accordingly the first distribution, due on 24th December 1980, as well as the subsequent ones, will be paid net of the basic rate of tax of 30% and not, as had seemed likely at one stage, of the 52% rate of corporation tax.

The Fund, which distributes on 24th June and 24th December, is at present unique amongst authorised "Gilt" unit trusts in that no preliminary charge is paid by applicants who send a cheque or cash with their order, resulting in an unusually narrow bid-to-offer spread of only 1¼%. The normal preliminary charge is 1% and the annual management charge is ¾%.

The Allied Hambro Government Securities Fund aims to provide high income with capital gain in the long term. For further details or dealing, please contact your professional advisor, or:



Allied Hambro Limited

41 Bishopsgate, London EC2P 2AA.

Telephone (01) 588 2851.

Not applicable to Eire. Member of the Unit Trust Association.

Gartmore Gilt Trust First public offer

A new trust to take advantage of the tax changes in the Finance Act (1980)

12½% PA
Estimated Gross Commencing Yield

The Offer

Gartmore Gilt Trust Units are on offer at an initial price of 25p until 29th August, 1980.

You can invest a lump sum of £200 or more, or as little as £25 through the Gartmore Moneybuilder Plan. Please complete and forward the coupon below.

Remember the price of units and the income from them can go down as well as up. You should regard your investment as long-term.

After the close of this initial offer, units will be available at the daily quoted offer price.

Applicants will be acknowledged, and certificates will be forwarded within 4 weeks. You can sell your units back to us at not less than the (Bloomberg bid price on any dealing day. Prices and yields are quoted in leading national newspapers. You will receive a cheque within seven days of the Managers receiving your remittance certificate.

The Trust is constituted and administered by a Trust Deed dated 29th July 1980. Income is distributed on 1st January, 29th April, 2nd July and 3rd October each year. Distributions are paid after deduction of income tax at the basic rate. The first payment will be 31st January 1981. Income tax can be reclaimed from the Inland Revenue if you are entitled to do so.

The Trust Deed permits a maximum initial charge of 5%. However, it is the Managers' intention to make only a 2½% initial charge. The annual charge is set at 2½% (plus VAT) which is deducted from unit income and is allowed for in the annual current gross yield. The Trust Deed permits a maximum annual charge of 1½% (plus VAT).

Remittances in kind to qualified intermediate investors are available on request. The Trust is managed by Gartmore Fund Managers Limited, 25, Mary Ann, London EC2A 4BP. Tel 01-463 0144. (Member of the Unit Trust Association).

This offer is not available to residents of the Republic of Ireland.

Application for Units in Gartmore Gilt Trust

To: Gartmore Fund Managers Ltd., 25, Mary Ann, London EC2A 4BP. Telephone: 01-463 6242. (Reg. No. 1232552. Regd. address above).

I/We should like to invest (minimum £25) £

in Gartmore Gilt Trust Units at the initial offer price of 25p per unit. Offer closes on 29th August 1980.

I/We enclose a remittance, payable to Gartmore Fund Managers Ltd.

Tick Box:

☐ For automatic re-investment of net income.

☐ For details of how to buy units via the Moneybuilder Plan.

☐ For details of the Gartmore Share Exchange Scheme.

Surname (Mr, Mrs, Miss, Title)

First Name(s) in full

Address

Signature(s)

(If there are joint applicants all must sign and attach names and addresses)

GARTMORE

£700,000,000 under Group Management

Member of the Unit Trust Association

LEISURE

A fine year for the popular fuchsia

GARDENING

ARTHUR HELLYER

THE FUCHSIA has enjoyed a remarkable surge in popularity in recent years—not so much as the nearly hardy outdoor shrub as for its value as an easily managed pot plant flowering non-stop from May to October without making any expensive demands on fuel in winter.

In fact, fuchsias can be grown "cold," i.e. without any artificial heat at any time, but then they lose all their leaves by December, become almost completely dormant and take a little time to get into their stride again in the spring.

For the best results, or at any rate for the longest possible flowering season, it is necessary to keep the sap flowing all the year, even if only very gently in winter, and that means maintaining a temperature of 10 degrees C or a little more.

most of the time with an absolute minimum of 7 degrees C.

With a small greenhouse placed in a sheltered position, maybe against the dwelling house, and insulated inside with some plastic quilting in winter, this need not be expensive even in these high energy cost days.

The summer fuchsia show in London has become one of the major events in the exhibitor's calendar, half filling the big Royal Horticultural Society hall and adding greatly to the interest of the early August meeting.

What I find particularly interesting is the proliferation of new varieties in spite of the fact that specialist fuchsia nurseries appear to have declined in number. It would seem that amateurs have taken over most of the breeding, as they have that of many other flowers, and some may even have become semi-professional in the sense that they are glad to sell a few of their introductions without actually making a taxable business out of it.

It could not honestly be said

that they have produced anything startlingly novel but that has been true for the past 50 years or more. The fuchsia was one of those flowers which progressed rapidly once the necessary wild species were available so that, from beginnings made at about the time Queen Victoria came to the throne, almost every possible "improvement" had been achieved by the time of her death.

After that it was more a matter of re-assorting existing characteristics than of making any notable advances, a stalemate, one must admit, that has also hampered the progress of most of the other popular "florist" flowers though their devotees would hotly deny this. What struck me most about the fuchsias at this year's London show was the quantity of flower they were carrying. To win a top award it seemed almost essential to produce a plant with so many flowers that one could scarcely see the leaves. There also appeared to be more small flowered varieties than usual and maybe the two things are linked for

large flowers in fuchsias have rarely been allied to good flower production.

Monsters like Texas Longhorn and Sophisticated Lady may be eye-poppers as individual blooms but they never make the mass display of more normal size varieties. It is the very small flowered kinds that cover themselves most completely and there were a lot of these about including Estelle Marie, a little beauty new to me. It has tiny greenish white and cattleya mauve flowers held out horizontally half way towards the upward facing stance of Bon Accord. Another of similar type was Lady Isabel Barnett, a rose and pale mauve fuchsia which almost certainly has Bon Accord in its ancestry, and I suspect that several breeders must have been using this old and very distinctive variety.

The plant which won the special award as runner up to the best in show was small flowered, a variety named Nellie Nuttall with narrow, cherry red sepals around a white corolla or "skirt." I cannot find it listed in any catalogue, though

I feel sure it must be available somewhere.

There is certainly no difficulty about buying the fuchsia that was judged best in show, Celia Smedley, a big, bold flower with pink sepals and cherry red skirt.

I doubt that it would be possible to produce a fuchsia with more flowers than some of the plant of Paquesa 1 saw. This is another variety new to me, a charming thing with small sealing wax red and white flowers on a dense bush which one catalogue describes as "self branching" whatever that may mean. It is certainly compact and short jointed and should be well nigh unbeatable as a small pot plant to keep the conservatory or window ledge bright all summer.

There does not seem to be so much happening in the hardy fuchsia section though that may simply be because hardy fuchsias are grown in the open ground and this is a pot plant show. Certainly I know one keen amateur who is busily breeding hardy fuchsias with the aim of giving them larger

flowers.

I commend to his attention Brilliant, a fuchsia that was given to me years ago by Mr. S. M. Gault when he was superintendent of Regents Park where fuchsias have long been a speciality. Some blooms lie on my desk as I write, each a full 7 cm across the wide spreading bright red sepals and 8 cm from the top of the tube to the tip of the pistil, with petunia purple skirts 5 cm wide.

These are dimensions large enough for any fuchsia hardy or tender. The odd thing is that I have only once come across this variety in a catalogue and very few people seem to know it, yet it is very old, raised, according to one authority, in 1885 by a man named Hill. It is also hardy, vigorous and free flowering. It ought to be as popular as the somewhat overrated Mrs. Poppo.

One thing I would like to see the fuchsia breeders doing is to extend the colour range in the direction in which Coachman took it many years ago. This is right away from the



Fuchsia

rather magenta shades characteristic of many fuchsias and towards much yellower reds and pinks.

Coachman itself has rosy salmon sepals and an orange vermillion corolla and this un-

usual colouring has been obtained with no loss of vigour. It is, in fact, a variety sturdy enough to be grown outdoors in places where the winters are not too extreme as I have proved myself for many years.



The V8 Land Rover estate car.

Pink granite, blue sea

TRAVEL

PAUL MARTIN

WE AT home were certainly not alone in experiencing a wet summer. Even the normally sunny and stable Mediterranean shared the same weather.

But after leaving behind the leaden skies of northern Europe, I flew to Corsica early in July in an optimistic mood.

As the skies cleared over Nice all promised well. The approach, past the densely wooded mountainous slopes and rocks which seemed to drop sheer into the sea, and the descent to Ajaccio, were spectacular. I collected a hire car to head north to Porto, roughly half-way between the island capital and Calvi.

Corsica is an island of dramatic beauty. The twisting and sometimes tortuous mountain roads, which should always be treated with respect, link the main centres. Progress is slow and you can reckon an average speed of 25 mph with frequent use of the horn as you round the hairpin bends.

As you reach the final panoramic stretch of the main road from Ajaccio, there is also a temptation to let your eyes wander. After climbing up to 1,400 ft at Piana, the whole landscape suddenly changes as you move into the majestic world of Les Calanques.

Here you can turn into a lay-by and marvel at these strangely distorted rock formations of pink

granite. I found them a cross between those massive outcrops surrounding the monastery of Montserrat, near Barcelona, and the jagged and distinctive peaks of the Dolomites.

They are both awe-inspiring and breathtakingly beautiful, particularly in the first flush of morning or at sunset. The road then twists and turns its way before you cross a narrow bridge and arrive in the little resort of Porto.

Porto is divided into three separate sections. The inland village, about ten minutes walk from the sea, has its quota of supermarkets, souvenir shops and banks open three days a week.

Then, almost a folly in an island where the road builders have achieved engineering miracles in linking together the scattered centres of population, a stretch of dual carriageway leads down to the sea wall and a pleasant rocky bay.

Porto has no real harbour, but you can hire a pedalo or a motor-boat on the beach area. A rainbow-shaped footbridge, spanning the river running down from the mountainous interior, provides easy access.

My hopes of spending seven sun-filled days at Porto were not fully realised. They had not even enjoyed our brilliant spell in May and an unseasonable mistral, whipping up the normally gentle blue sea, discouraged all except the strongest swimmers.

The shingle beach is patrolled by a lifeguard but, even so, I would not recommend Porto for those with young children.

As in mainland France, le

topless is now taken for granted. There are also some pleasant little bars and restaurants where you can get either a snack or a full meal with no need to change out of your swimming trunks and go back over the rainbow bridge to the village.

While I found everyone in the shops and restaurants courteous and very helpful, there seemed to be a rather laissez-faire attitude to catering for the needs of holidaymakers.

All the double rooms at the Hotel Méditerranée, where I stayed on a half-board arrangement with Falcon Leisure, have

pleasant balconies overlooking the beach or the distant hills. While they all have private facilities, they are somewhat sparsely furnished. The thinking is that few people are going to spend much time in the hotel.

Breakfast is basic French and, while there is no choice, I found the five-course dinner, served out on the terrace, varied and imaginative. The bar tended to shut early but most people seemed to congregate at one of the beach cafes for a coffee or a nightcap.

A 14-day holiday, costing £310, comes down to £289 towards the end of September. It includes British Caledonian Gatwick-Ajaccio charter flights, transfers and half-board.



Corsica

Trial by mud bath

MOTORING

STUART MARSHALL

THE MUD was glutinous and evil smelling. As we bucked and reared along a slime-covered switchback of a track, the dense foliage kept closing in, blotting out the view ahead. Inside the Land Rover, it was as hot and sticky as a Turkish bath. The only things lacking in the forest were screaming monkeys and poisonous snakes—but then, we were in Herefordshire, not Honduras.

Eastnor Castle estate is but a few minutes drive from the old-world charm of Ledbury, but when you plunge into its dark interior you could be miles from civilisation. Last week's high temperatures and humidity completed the illusion.

British Leyland's Land-Rover people have used Eastnor Castle estate for some years for development and proving trials. Their drivers swear that conditions are as tough as in any tropical forest. Even the Darien Gap, a central American morass crossed by vehicles (Land-Rovers and Range Rovers, naturally) for the first time in the 1970s is no worse, they say.

The Land-Rover we were riding in was the long wheel-base estate car powered by the Range Rover's 31-litre V8 engine, unveiled a year ago but for export only until today. It replaced the old six-cylinder, which used a detuned version of the late 1950s Rover 3-litre saloon's engine, and has the Range Rover's power train with permanent four-wheel drive.

Its main advantage over the four-cylinder long wheel-base Land-Rover, which is still available, is low speed flexibility. At little more than tick over speed the V8 heaved the heavily laden estate car up seemingly impossible gradients, pulling in low range second, sometimes even third gear. On the road, it was considerably livelier than the four-cylinder, with fairly urgent acceleration for a working vehicle. The ride is truck-like and the steering heavy. You see the best side of the Land-Rover V8 when the going is really awful. Axle deep in sand or mud, its fuel consumption is said to be much less than that of the four-cylinder.

But owners would be unwise to expect more than 15 or so miles per gallon on the road. What Land-Rover really need—as I observed here a year ago when I first drove the export model V8—is a better diesel than their aged four-cylinder, 2.3 litre. They are well aware of this. Even contractors and farmers now think twice about a light four-by-four with a consumption in the teens, not the twenties. (Or even in the low 30s, which is what you get from the £8,244 Daihatsu 4 x 4 long wheelbase pick-up with 2.6 litre diesel engine. It is narrower than a Land-Rover but well equipped and costs a great deal less.)

Land-Rover have priced the new V8 quite keenly at £7,550 (VAT included) for the 3-seat pick-up, £8,608 for the 12-seat estate car.

Although the home market for light four-wheel-drives is no longer the Land-Rover/Range Rover monopoly it used to be, the picture is much brighter than it is on the car front. Japanese imports have fallen sharply; sales of Jeeps have been halved. The Land-Rover Range Rover share has climbed from only 52 per cent of the market in the second half of 1979 to nearly 60 per cent this year and the rise is continuing.

The V8 Land-Rover is only the first of a number of interesting developments in the pipeline. An improved diesel engine has a high priority in BL's thinking, not just for the Land-Rover but for use in the Range Rover, too. Many Range Rover owners hardly ever take them off hard roads. They like them because they are light, wide and more handsome than any of their rivals, begrudge their high fuel consumption and don't exploit the four-wheel drive.

I have thought for years that a four-door version of the Range Rover, with two-wheel drive (perhaps with an optional limited slip or lockable differential) and a fuel saving diesel engine could appeal to all kinds of urban, suburban and country motorists. BL appear to have identified a similar need. They are not yet ready to reveal their plans. But if all goes well, the Land-Rover, Range Rover line-up—not to mention the typical owner—could be very different from today's.

A day chasing the evasive rainbow

FISHING

JOHN CHERRINGTON

AS I forecast some time ago, the excellent Mayfly hatch on the Test this year made for a very good July. Or at least that was my experience, and that of those I met in the pub.

There were rumours of exciting evenings but whenever I stayed late the river, after a blank day, began to show little whiffs of mist at 9 pm which in my experience invariably mean that there will be no rise that evening.

In fact, so dour did I find the river, that I believed that either the unnaturally low temperatures had induced the fish to lose their appetites, as low temperatures do in winter. Or else that the success of May and June had denuded the stocks.

Certainly there were very few to be seen. It was particularly annoying, as there was a spasm of fly hatch all day, with nothing taking any interest, even a grayling.

However this month things livened up a bit, and I did see quite a few fish. On one heat a glance over the road bridge showed a nice little shoal with one of at least 8 lbs. a rainbow, questioning near the surface. I tried for a long time, had one offer. I believe by the swirl, the big fish itself. Then got one which came unstuck after two or three minutes.

As it had made a fair commotion, I left the pool and walked round the beat without result then decided to come back and try again. To my horror I saw that a line of holiday-makers were leaning over the bridge pointing out the fish.

They then sent sister Sue to get the bread, and proceeded to shower the fish with the remains of their picnic lunch.

This made the water boil. There must have been at least 20 fish interested and they knew all about bread, ham and even bacon flavoured crisps. In the end one of the villains asked me if I was having any luck. Which gave me the chance to say in the gentlest terms, that I hoped he would live long enough to appreciate trout fishing and meet people like him-

self. The next evening was even worse. There is a pub at the top of this beat, and on a summer evening it is crowded with a family trade which keeps its children quiet with the provision of the week's stale bread to give to the swans and fishes. This has always been the case, and the pool just below the pub terrace used to hold some monster fish.

This did not matter so much a few years ago. The amount fed was limited, and the few monsters in the pool devoured it all and little drifted downstream.

But on this particular evening enough bread came floating down the river to feed a large proportion of the world's starving millions. And not just bread. Pieces of toast, buns etc., which they had not even bothered to break up.

The quantities were such, that most of the fish in the beat had moved upstream to within 100 yards of the source of this bonanza, and I have never seen the water boil as it did then. Fishing was hopeless. Flies were disregarded in a mad rush for carbohydrate.

The interesting thing was that the river below this was absolutely dead. The surplus bread floated away downstream, untouched by any fish at all, nor did they seem to be any interested fish in the lower beat either.

Not that I didn't try hard on both days. Nymph fishing is allowed and I tried a variety but lacked the only one which might have suited, a Sawyer Grayling Bug. This looks just like a fish pellet.

If I had whitewashed one, I might just have deceived a fish into thinking that the bread was being delivered in handy mouthfuls.

This experience has made me wonder how it would be possible ethically to catch fish in these circumstances. One could not, of course, use bread oneself. After all rules are made to be kept in spirit.

But would there be anything against making an imitation bread crust, floating of course? There is a practical difficulty, as I believe one of the attractions of bread is that, like fish pellets it has a small which is recognised by the fish. So one would have to synthesise that as well. Or would that be cheating?

An overcrowded weekend in Ohio

GOLF

BEN WRIGHT

TOM WATSON is absolutely right. The World Series of Golf being played at Akron, Ohio, over the renowned south course at Firestone Country Club this weekend is far too overcrowded to really live up to its name. If this pronouncement seems a little strange since only 31 professionals and one amateur, the U.S. champion Mark O'Meara, are competing, and the princely sum of \$421,800 is at stake with \$100,000 going to the winner. I shall let Watson explain.

As he told me: "If this event is going to be the true world championship to end the season, as it presumably intended to be, players who have not won here during that year, have no right to be playing." Watson is referring, among others, to several of the top 15 players on the American money list. All of them get into the event automatically if they have not already qualified by means of the mostly ignored U.S. PGA Tour Winter, Spring and Summer points tables.

If Watson had his way, and he has private talks with players and officials of both the sponsoring bodies, the PGA Tour and the PGA of America, on the subject, Hale Irwin, Ben Crenshaw, Mike Reid and Jerry Pate would not be playing here this time. Nor would the U.S. and British Amateur champions, the second-placed finishers in the Australian, Asian and South African Order of Merit tables, the second and third placed finishers in the European and Japanese standings, the winner of the U.S. PGA National 'Club Professionals' championship, the low individual scorer in the World Cup and the winners in North America of the Tournament Players Championship and the Canadian and Western Open.

That would quickly take care of O'Meara, who scored 75 in

yesterday's first round, while British Amateur champion Duncan Evans is unfortunately absent. Stewart Ginn (Australia) 71 and Denis Watson (South Africa) 74. Lu Hsi-Chuen (Taiwan), Mr. Lu's nephew and the Asian Order of Merit leader is another absentee.

Ken Brown, who scored a respectable 73 to the 72 of European Order of Merit leader Sandy Lyle, also wouldn't have been here. Seve Ballesteros who had a dual qualification for the event by being U.S. Masters champion and second in the European Order of Merit, chose for the second year running not to play here, again preferring to concentrate on improving his position in the latter by playing in the German Open. With so much appearance money at stake next season, one can hardly blame him.

Watson's plan would have kept Norio Suzuki (70) and Masaji Kusabie (77) home in Japan. Buddy Whitten (81), the worst scorer by four shots back in his club's shop selling golf balls and Irwin (88) the low individual scorer in the World Cup, fuming with frustration at not being able to compete. Lee Trevino (69) the tournament player's champion would have beaten Watson's ban as a multiple winner here because he also won in Memphis and that is a blessing since he is the game's premier—I almost said only—entertainer. Bob Gilder (69), the Canadian Open champion Scott Simpson (70) the Western winner would have been excluded, however, as would Larry Nelson (67), Ray Floyd (69), George Burns (71), Bruce Lietzke (71), Andy Bean (73), John Mahaffey (74) and Jim Colbert (77) who have only won one tournament each.

So, who would play if Watson gets his way? Tom told me he would restrict the field, to the defending champion, in this case Lon Hinkle, the winners of the four major championships, Ballesteros, Jack Nicklaus (68), Watson himself (65) and Nicklaus again, multiple winners on the U.S. PGA tour Craig Stadler (67), Trevino, Howard Twitty (72), Curtis Strange (74) and Doug Tewell (76), and the leaders in the various Orders of Merit, Lyle, Isao Aoki (70), Jack Newton (73), Gary Player (69) and Lu Hsi-Chuen. This field would have comprised a maximum of 14 players, which would have been extremely inconvenient for television, but makes an awful lot of sense if the sponsors really want to create a true world championship as a befitting and definitive climax to every season.

One has to doubt their motives however. The revamped event—until 1976 it was restricted to four players—drew its best ever first round attendance yesterday because Watson, Nicklaus and Trevino were "drawn" together for the first time ever. The rest of the field might have been back home playing in the monthly medal for all the attention accorded to them.

As Nicklaus so aptly said: "It was a good pairing for Lee, Tom and I, but it makes the other players feel inferior, and it is not fair to them."

But Watson was quite majestic on a rapid odden golf course playing every inch of its 7,173 yards par 70. Poor Trevino was out driven by at least 30 yards from every tee, but an eagle two at the 370 yards 11th hole where he holed

out from 132 yards with his nine iron. This helped him to keep in touch and improve the best ball score of the trio to 59. Watson made his first birdie from a greenside bunker with a 10 foot putt at the par five second hole but immediately dropped a shot at the third when a lump of mud the size of his ball was stuck to it and he missed the green badly.

But on the easy paced greens it was plain sailing for him after that. Birdies at the 6th, 7th and 8th holes were earned by putts of 45, 12 and 30 feet for an outward half of 32 to put Watson into overdrive. Thereafter his only moments came when he had to save par at the 12th hole from a bunker and at the 13th with a delicate chip having come up short of the green.

Posse coughs out

RACING

DOMINIC WIGAN

THE COMPLEXION of the Waterford Crystal Mile was turned upside down yesterday when it was announced from Arundel that Posse, Europe's most successful 3-year-old miler is coughing and will miss today's event. The news came after the unexpected declaration of Known Fact, who ran only six days ago at Deauville.

Although it is disappointing not to see Posse attempting to add to those successes achieved in the St. James's Palace Stakes and the Sussex Stakes, this afternoon's group two event remains a top-class affair.

In addition to the presence of the 2,000 guinea winner, Known Fact, Ireland's Night Alert is in action, as well as Blue Refrain, Skyliner, Hard Fought, and Millingdale Lillie. Jeremy Tree, whose team is riding the crest of a wave, has clearly lost no confidence in Known Fact, and, if as seems likely he has come on as a result of his recent outing, the American-bred colt should carry too many guns for Night Alert, whose presence sees Piggott reunited with the O'Brien team.

Night Alert has never struck me as being of the highest grade, and, if there is to be a turn up, Hard Fought will probably be the cause. The Michael Stoute colt was given little

chance of showing his true worth, when left with too much to do by Piggott at Newbury last time out.

Thirty-five minutes before the Group 2 event, supported by the Champion Hurdle sponsors, Water Mill should have no more than an exercise canter in the March Stakes. Here, the St. Leger favourite, rated by Dick Hern as a better long-term prospect than Derby winner Henbit before an early summer setback, hindered his Epsom preparation, faces only Ballytop and Sweet Pretender.

Ballytop, whose stablemate, Torus, sprung a surprise in the race a year ago, is himself a class above Sweet Pretender. Ryan Price's Findon stable, plagued by a virus for most of the season, is now beginning to hint some sort of form. Cliftonli may be among his winners today.

Selections
GOODWOOD
2.00—Majeda
2.30—Water Mill
3.05—Known Fact**
3.35—Appaloosa
4.05—Light Heart
4.35—Hannu
NEWCASTLE
2.15—Cliftonli***
2.45—Heron's Hollow
3.45—Redenham
NEWMARKET
1.30—Julip
2.00—Steel Pass
2.30—Blues
3.00—The Thatcher*

Your weekend & Austria 29.60, Belgium 67.90, France 9.72, Italy 1.955, Greece 98, Spain 187.50, Switzerland 3.87, U.S. 2.35. Source: Times Cook.

Nostalgia corner

YESTERDAY, the finest collection of historic British cars opened at Spon Park, near Brentford, where British Leyland's BL Heritage subsidiary have transferred their £2m display. About 100 of the total stock of 250 cars will be in show at any one time. They range from a 1895 Wolseley tri-cycle, just restored to mechanical health and due to be entered in this year's Brighton veteran car run, to the mid-engined Rover P6BS sports car of 1967 that, sadly, never went into production.

There is nothing static about the display, which BL Heritage have moved from Donington, in the Midlands. It will con-

stantly change and some of the exhibits will be taken out for runs around Spon Park. Lucky ticket holders (£1 adults, 60p for children) will be invited to go along for the ride.

Also in the collection are the last examples of BL models to be made, like the Stag and MG Midget. What I found a bit shattering was the number of cars, whose Motor Show debut I vividly remember, being shown in an historic vehicle collection. It's all right when they call a Bullnose Morris an historic vehicle, but an Austin Atlantic or a '52 Morris Oxford. I don't like admitting it, but I even road tested some of them when new.

BOOKS

The red and the black

BY PETER QUENNELL

Stendhal: A Biography by Robert Alter, in collaboration with Carol Cosman. Allen and Unwin, £8.95, 288 pages

Monsieur had not the manners of a gentleman, once complained Jacob, a Swiss servant employed by James Boswell. His heart was too open; and he tormented his unfortunate domestic by perpetually asking questions: "il voudrait savoir tout au fond..." As I read this new biography of Stendhal, it occurred to me that there was often a strange resemblance between Boswell and Professor Alter's hero. Both had an insatiable thirst for knowledge, and were perfectly prepared to throw overboard every social or moral convention that might have hindered their researches. Both were engaged in the headlong pursuit of happiness, which Stendhal called "la chasse au bonheur." Both adored women, worshipped feminine beauty and, conscious themselves of being rather plain and awkward, planned their campaign against the opposite sex with Napoleonic fire and energy. Boswell described his conquests at meticulous length in the pages of his journal Stendhal (christened Marie-Henri Beyle) recorded them wherever he could make room — on the margins of his books and manuscripts, even on the glass of his watch. His braces and his bed-room-slippers.

Neither of them managed to realise his genius during his difficult and wayward youth. The life of Johnson did not finally appear until its author

had passed the age of 50; Beyle, born at Grenoble in 1783, published *Le Rouge et le Noir* in 1830 and *La Chartreuse de Parme* in 1839, when it was acclaimed by Balzac as a "masterpiece of the literature of ideas." The novel that Machiavelli would have written had he lived... in the 19th century. Although Beyle (now re-christened Stendhal, for reasons unknown, after an obscure middle-European town) had always expected to "dine late" among "the happy few," and to achieve popular recognition sometime about 1880 or, possibly, 1835, he found the great man's praise uplifting. But, by that time, he had abandoned many of his previous ambitions, and settled down as French consul at Civitavecchia, a dreary Italian seaport he detested.

Yet he refused to despair. "My own soul," he wrote from his gloomy consulate, "is a fire that suffers if it does not blaze. I need three or four cubic feet of new ideas a day, as a steamboat needs coal," and his pursuit of knowledge and human happiness scarcely slackened until the day he died. In each of his two most celebrated novels he depicted a similarly questioning spirit. Stendhal belonged to the Romantic Age; but with the romanticism of the early 19th century he combined the enquiring scepticism of the 18th-century philosophes. His descriptions of his main characters show an almost clinical detachment; and, however wild the action of the story and boldly picturesque its background, he continued to delve

into the working of his protagonists' minds, and seek to discover the secret "fond des choses" in any given situation. Stendhal, of course, was by no means an accomplished stylist. Frequently he wrote at breakneck speed; the composition of *La Chartreuse de Parme*, for example, took him less than two months. A novelist's style, he insisted, should, above all else, be vivid and distinct. For those of us who are not devoted Stendhalls his method has its disadvantages. He is constantly repeating words; the expression *centre-d'erre* recurs again and again throughout his famous account of the Battle of Waterloo. His narrative flow, as he admitted, is very often somewhat "choppy"; and from a long passage of reflections and cogitations he will abruptly and unexpectedly revert to brisk, straightforward story-telling, perhaps because he felt that the moment had come to revive the reader's interest.

Robert Alter is Professor of Comparative Literature at the University of California; and, despite some lapses into the kind of academic jargon that sounds far better in the lecture-room than it looks upon the printed page, he has produced an exceedingly enjoyable volume. Stendhal, he reminds us, played a small but significant part in the tremendous drama of Napoleon's reign. As a courtier, he was a distinguished modern novelist; nor could the beautiful Eugénie have ever divined that she would one day become the resplendent consort of Napoleon III and the Empress of the French.

by the loveliest conflagration in the world, forming an immense pyramid that was like the prayers of the faithful, the base on the earth and the apex in the heavens." Twelve years earlier, thanks to the good offices of his cousin, the influential bureaucrat Pierre Daru, he had joined a dashing cavalry regiment, though he had not yet learned to ride. The horrors of the Russian retreat soon convinced him that he must give up all his military dreams.

In the consular service he certainly did his best; but, whenever he could, he granted himself leave and set off for an extended holiday. Only the warm affection he aroused seems to have saved him from dismissal. Everyone was fond of Stendhal; "the happy few" had already gathered round him; and it is clear that he possessed abundant charm. Among his women friends, during the latter period of his life, was a Spanish lady, the Countess de Montijo, whose two young daughters, Fata and Eugénie, always eagerly awaited the visits of this stout, florid, smartly dressed gentleman. On his arrival, they were allowed to sit up late; seated in an armchair beside the fire he would tell them marvellous tales of the triumphs of the *Grande Armée*, and of the rise and fall of the Emperor himself. They did not suspect that their mother's visitor was a distinguished modern novelist; nor could the beautiful Eugénie have ever divined that she would one day become the resplendent consort of Napoleon III and the Empress of the French.

Composer's jottings

BY WILLIAM WEAVER

The Diary of Richard Wagner: The Brown Book 1865-1882

presented and annotated by Joachim Bergfeld, translated by George Bird. Gollancz, £9.95, 218 pages

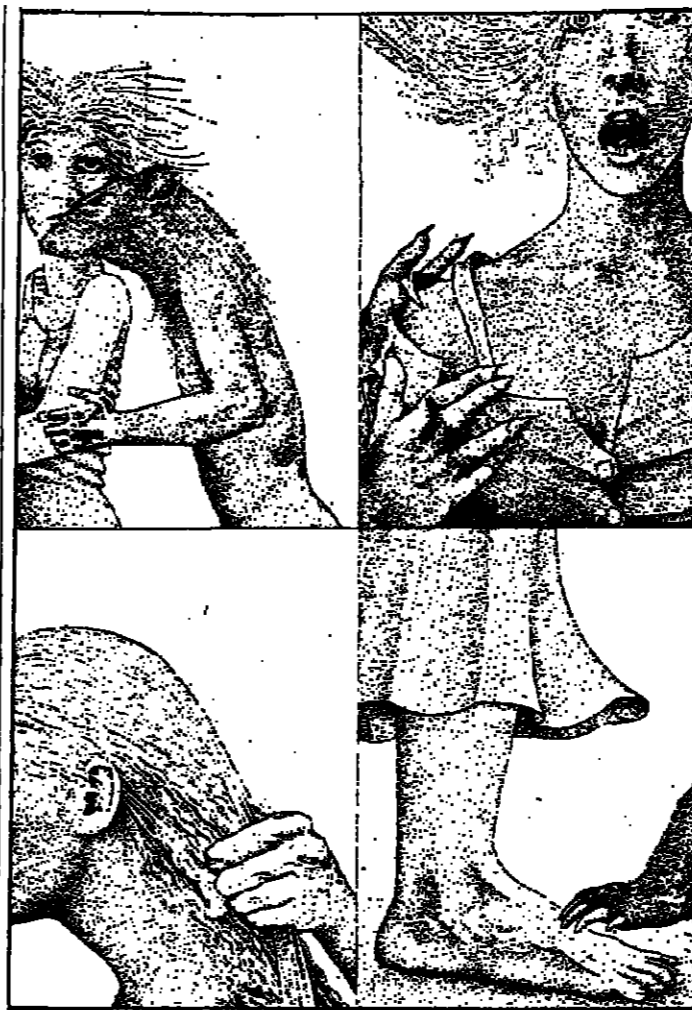
Sometime in mid-1864, when Wagner settled in Munich, Cosima—still married to Hans von Bülow, but already committed to Richard—gave the composer a calf-bound blank diary, in which he was to record his thoughts when it was impossible for him to see or talk with

Cosima. This diary was called "the brown book," because of the binding, and Wagner used it sporadically between 1865 and 1882, shortly before his death. Bits of its contents have been previously published in various places (not always easily available), and it has long been known to scholars. But it has never been published in its entirety until a few years ago, when Atlantis Musikbuch-Verlag in Zurich brought out an edition prepared by Dr. Joachim Bergfeld, director of the Richard Wagner Gedenkstätte in Bayreuth, where the "brown book" has been kept since it was given by Eva Chamberlain.

Wagner in 1931. This new volume is a faithful English translation of the Atlantis edition, with a few added notes by the translator.

Much of this material is fascinating, but much of it is also difficult to decipher, especially the Annals. An excerpt, chosen at random, reads thus: "1867 I Jan. Zürich. (Semper. Theatre model—Return journey: vov.) 7 C. with Lusch to Basle. — Composition. Text: final lines. — King urging return. Hohenlohe. D. Schanzbach. — Difficult Agreement." So either these Annals have

to be read with Mein Leben (or Newman) at hand, or they have to be annotated almost word by word. The notes, by Dr. Bergfeld and by the translator, are helpful, but insufficient. The Annals, however, cryptic as they often are, do give a sense of the sheer urgency of Wagner's life, as they also give further illustrations of the perverse aspects of his character (p. 97: "Opera House now burnt down—Strange feeling of comfort"). Wagner is, to be sure, not an easy writer, and translating his prose must be a fiendish task. Still, the translator here usually stays too close to the German, making the English awkward.



An etching by Martin Ware for "Goblin Market" reviewed below

Lines of sight

BY ANTHONY CURTIS

The Rape of the Lock and its Illustrations 1714-1896 by Robert Halsband. Oxford, £11.50, 160 pages

Goblin Market by Christina Rossetti, illustrated with etchings by Martin Ware. Gollancz, £4.95, 48 pages

Book collectors may have a certain amount of innocent, covetous fun by imagining illustrated editions of favourite poems. Sidney Nolan would make a magnificent job of *The Waste Land*. And what about Francis Bacon for the later Yeats ("What shall I do with this absurdity... this caricature, Decrepit age that has been tied to me as to a dog's tail"?). Hockney for Auden's *The Sea and the Mirror* is almost too obvious and might one day come to pass, one feels. Meanwhile there are those poems that have been illustrated such as *The Rape of the Lock* and *Goblin Market*.

Robert Halsband's study of what is probably the most frequently illustrated poem in the English language, *The Rape of the Lock*, is illustrated so many times from 1714-1896 that a consideration of the illustrations, culminating in those by Aubrey Beardsley, makes an interesting short book. The first set of illustrations to the poem, when it was originally published in its complete form in 1714, were copperplate engravings by Louis Du Guernier, a French artist resident in England who had also illustrated poems by Gay. Mr. Halsband is strongly of the opinion that Pope made suggestions and exercised considerable control over Du Guernier's drawings for *The Rape* although he cannot prove this assumption.

Du Guernier was a rather small man physically like Pope; unfortunately he did not bring to his art anything like the lightness of touch with which Pope handled the hidden eroticism of the poem. Du Guernier's engraving depicting the moment just after the lock has been snipped by the wicked Baron is rather like a scene from some production by the Comédie Française. He places

a great classical pillar as a backdrop and has the Baron, stage left, holding aloft his glittering prize in triumph. Only the kettle in the foreground strikes an indigenous note of witty English domesticity. However these drawings helped to strengthen and clarify episodes in the poem and, Mr. Halsband shows, to make the eroticism of the sub-text more explicit. A prime example of this is in the Cave of Spleen after the rape. Pope tells of people whose appearance has been totally distorted by spleen, including maids turned into bottles, who "all cloud for corks." Du Guernier sketches the bottles already corked, and with heads of men. Pope, Mr. Halsband thinks, approved.

A long line of eighteenth-century illustrators followed with a gradual transition from sensibility to sentimentality which may be traced in work by Stothard, Hamilton, Bartolozzi and other artists. Then at the end of the century, at the behest of a young publisher named Du Roveray, Henry Fuseli turned his attention to the poem, and its hidden libidinous energy was released again in massive, muscular forms. Fuseli's most famous painting to come out of the poem "Belinda's Dream" relates only tenuously to its theme. It is an overwhelming and enigmatic work that stands on its own.

After that it only needed the exquisite, checkered *fa-de-siecle* gifts of Aubrey Beardsley to perform the coup de grace. After his brilliant black-and-white hothouse plates of the 1890s no one has attempted the task again. There were, though, illustrations to the translated 19th-century editions in German (Pope's Lockenkraut), French (*La Boucle de cheveux enlevée*) and Italian (*Il Riccio Rapito*). Mr. Halsband includes these for good measure and the publisher has provided reproductions of all the illustrations he mentions so that the reader can check his claims for them and take a breather every now and again from the scholarly argument.

The tradition of illustrating narrative poetry continues even today as is proved by Martin Ware's etchings for another crypto-erotic poem involving a raped lock, Christina Rossetti's *Goblin Market*. Here the marriage between 20th century explicitness and 19th century sensuous romantic implicitness does not seem entirely happy. The *Goblin* men have defeated this artist: he is much more with the two sisters who struggle against them.

SF BY RAY LARSEN

Cowboy Heaven by Ron Goulart. Robert Hale, £5.25, 185 pages

A high spirited romp from a writer who has been described as the Woody Allen of science fiction. In fact the adventures of the hero, a Hollywood talent agent, have a pristine innocence which is more reminiscent of Wodehouse. Trouble starts when the agent's client, an ageing Western star, has a heart attack and it is decided to replace him with an identical android in order to save the vast sums of money invested in the film.

Unfortunately the robot displays all the hell-raising characteristics of the original with the added complication of sudden relapses when he thinks he is George Sainsbury, the famous literary critic. People are understandably suspicious when he gives a dissertation on the contemporary novel in the middle of a bar room brawl. In the best tradition of the Western film there is a happy ending with the android riding off into the sunset.

The Number of the Beast by Robert A. Heinlein. New English Library, £6.95, 556 pages

Heinlein has been a dominant and controversial figure in science fiction for the past four decades. His didactic approach and enthusiastic espousal of the American way of life have alienated some readers and earned uncritical adulation from others.

In his latest epic a wayward genius discovers a means of travel between alternative universes. He and his party land in a series of bizarre situations including a Martian penal colony and a world where homicidal Russians are on the loose. In line with current fashion, the hard science is given a veneer of mysticism. The space-time barrier is breached by the use of co-ordinates based on the figure 666, the number associated with the Biblical beast of Revelations.

Fiction

Veterans come back

BY MARTIN SEYMOUR-SMITH

Solomons Seal by Hammond Innes. Collins, £6.50, 320 pages

The Blaze of Noon by Rayner Heppenstall. Allison and Busby, £5.50, 166 pages

A Diver in China Seas: Stories by Fred Urquhart. Quartet, £6.50, 214 pages

Nearing's Grace by Scott Sommer. Peter Owen, £5.25, 175 pages

We have this week the 24th novel by Hammond Innes, who must by now be recognised as Great Britain's leading adventure novelist, a reprint of the first novel of Rayner Heppenstall—one of the most original of English novelists—which created controversy at the time of its first publication (1939), a collection of stories from the pen of Fred Urquhart, an old master who has been too easily forgotten, and a promising novel from an American of under 30. A heartening batch of books. Let us take the most direct, the least literary, first.

Hammond Innes' adventure thrillers have the virtues of being carefully plotted, well-informed (his backgrounds are far better researched than those of Ian Fleming, a flashy purveyor of soft porn by comparison), often frightening, and unpretentious. His characterisation is nothing at all to write home about; but it is not mushy or shallow. He has brought it to a level of adequacy that is lacking in more unashamedly fantastic adventure thrillers.

Innes' speciality is the sea, and he knows a great deal about it; his sea thrillers are probably among the most popular of his books (though the conservationist *The Big Footprints* pleased many), and so his readers will be delighted to know that *Solomons Seal* contains not only a priceless stamp but also trading in the South West Pacific. Other ingredients are sorcery, an island on the brink of revolution and the disturbing beauty of a woman who has the power to send a man off into the unknown... All this is presented with much more conviction than any summary can suggest, owing to the author's impeccable research.

The novel's first, Rayner Heppenstall's, first novel, a lyrical celebration of physical love described by a blind man, a masseur, stands a very good chance of creating a new interest in the man C. P. Snow called "the master eccentric of English letters." It makes a good start to his work, because it is a simple and exquisite novel, written with great beauty and grace. The publishers are not wrong in describing it as a classic. Heppenstall writes in a short preface note that he was influenced by the early Henry de Montherlant—another great stylist, though of course in French—and this is perceptible; but in a way he is being too modest, for the prose of this novel is entirely English. Heppenstall is in fact the only English novelist who has managed to leave from the French novel without looking in some way artificial or absurd. Those who know the excellent journalism of Richard Cobb will be likely to admire it greatly. Heppenstall knows all that Cobb knows about France (and that is an enormous amount), but has been able to assimilate it. He does not have to be

"French": the same genius is present, but transformed. Above all, though, *The Blaze of Noon* makes almost everything that has been written in English about "sex" since the last war look faintly absurd. By enjoying and savouring this classic, you can find your way into the later novels, which are not more rewarding but which say much more. If there is very little written about this author, then it is certainly scandalous; but it must be admitted that his work speaks for itself.

The 1930s were the great period of the British short story, but too many of the chief practitioners are still about. E. E. Bates, Rhys Davies, A. E. Coppard—all these and others have gone. The stories of such as Robert Westbury (*Wide Boys Never Work*) and H. A. Mahood, not in the top flight, seem pretty good in the light of most (if not all) of what we are offered today in this form. But some of the first-class writers are still with us. Sir Victor Pritchett will be the most familiar. Another who ought to be familiar but is not as yet is Fred Urquhart, whose first novel was published in 1938 and whose stories were by then appearing in magazines (the first collection appeared in 1940).

Urquhart was 68 last month, and Naomi Mitchison, recently wrote of him that it is hard luck to have to wait until you are dead to be appreciated. Those who have appreciated him include Edwin Muir, the highly professional American Whit Burnett—and, by my own knowledge, everyone who reads him. So we should all read his new collection of stories, *A Diver in China Seas*. You open this, read the first paragraph of the first story (*The Nightingale*), and you immediately recognise mastery: here is a writer with the old classic touch, dating back to the days of the flowering of the British story.

Neither the great Bates of "The Kilmory" nor even Coppard in his finest tales wrote better than this. As well, perhaps, not better. This writer has that absolutely individual touch that is essential to the successful short-story writer, and the necessary willingness and the feeling for the right word, right phrase. Urquhart has, too, the modesty of the true writer; under it lurks humour, an immense, meaningful wisdom, an ineffable pity and kindness.

The young American Scott Sommer has not yet reached the heights achieved by Heppenstall or Urquhart; but he has written an interesting and authentic first novel, *Nearing's Grace*. At first glance, its subject-matter is discouraging: an American family that has gone to pieces—drunken father, acid drop-out brother (who camps in the garden), and a self-consciously ironic hero, Henry Nearing, who tells his own story. But this is, to a being too modest, for the prose of this novel is entirely English. Heppenstall is in fact the only English novelist who has managed to leave from the French novel without looking in some way artificial or absurd. Those who know the excellent journalism of Richard Cobb will be likely to admire it greatly. Heppenstall knows all that Cobb knows about France (and that is an enormous amount), but has been able to assimilate it. He does not have to be

All risks

BY JOHN MOORE

Cuthbert Heath: Maker of the Modern Lloyd's of London by Antony Brown. David and Charles, £6.95, 220 pages

As an insurance market Lloyd's of London is regarded by most casual observers of the City as a place which will insure all manner of risks, from actresses' legs to space satellites, from oil rigs to motor cars. In insurance circles, Lloyd's has a reputation for encouraging innovation and jealously guarding its freedom of enterprise.

Lloyd's industrial position as a much-respected centre of international insurance owes much to the work of Cuthbert Heath, an underwriting member who joined the market in 1880. When Heath joined the market Lloyd's was at a low ebb. Insurance companies, which had been newly formed, were making their presence felt in Lloyd's traditional, and then virtually only class of business—marine insurance. Lloyd's had lost its zest for pioneering, and there was a lack of enterprise and response to new demands, the essence of insurance.

It was in this cautious and inert market that Cuthbert Heath showed his skills. He began to develop the still embryonic fire insurance market, instituting a policy for loss of profits for businessmen who had suffered a fire loss. He pioneered burglary insurance and created an all-risks policy for jewellery.

He established the modern methods of arranging reinsurance, saw the significance of the U.S. insurance market as an important producer of general insurance business, and is

credited with pioneering Lloyd's non-marine market. The non-marine market, which handles all types of general insurance, now produces nearly half the total Lloyd's premium of £1.7bn, but, significantly, and no fault of Cuthbert Heath, it is the least profitable main market, accounting for just over a tenth of profits of £122m.

The history of Heath was initially proposed as a project by the present chairman of the C. E. Heath broking company to mark the centenary of the founder's entry into Lloyd's. Generously illustrated, although some of the visual material is of questionable relevance, the book is a social history of the Heath family, Cuthbert himself, and aspects of his work in Lloyd's. For good measure it throws in a chapter on the broking company, C. E. Heath, from 1939, the year of Heath's death, to the present day.

As in his history of Lloyd's, *Hazard Unlimited*, Mr. Brown has peppered his latest insurance book with numerous anecdotes in a conversational tone. While these may make the content more accessible for the non-insurance reader, they do not always illuminate. For instance, how helpful is the observation on the famous Orpen portrait of Heath that there was "a slight bulge above his eyebrows," which "suggested intellectual power," which was sufficiently marked to be known in the Heath family as "the parental bumps"?

But this is a charming book designed to charm rather than analyse in depth. As such it is a competent, if somewhat rambling official history of how Cuthbert Heath made his mark at Lloyd's.

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مكتبة النور

HOW TO SPEND IT

by Lucia van der Post

Chef's choice

CHEFS have a *Batterie de Cuisine*. What you and I tend to have is a motley collection of knives, saucepans and miscellaneous gadgets, most of which were either acquired as wedding presents or bought in haphazard fashion over the years.

However, if you, too, banker for a proper *Batterie de Cuisine*, Habitat shops have got together with Michel Guerard to provide potential customers with a definitive guide to sound equipment in the kitchen.

Are there readers out there who have never heard of Michel Guerard? He has been variously described as the world's greatest chef or the world's most original chef, depending on the point of view, but indisputably he is the world's most written-about chef as well as one of the most innovative leaders of the new fashionable *Cuisine Minceur* approach to food and cooking.

He first rose to fame and fortune when he started his own restaurant in a run-down suburb of Paris, but later (after his wife pointed to his own increasing girth) he began to explore ways of making food just as delectable and enticing as ever but much less fattening.

Those who wish to be slimline gourmets, but whose purse is ample, may now sample the aphorism of this culinary philosophy at Michel Guerard's own spa hotel at Eugénie-les-Bains in Les Landes in south-west France. Poorer but enthusiastic followers of the creed may buy his book *Cuisine*

Minceur (£8.95 in hardback, £1.50 in paperback, from Habitat shops).

Like all good chefs, Michel Guerard is a believer in the right tool for the job. As he himself puts it, "if there is no great cooking without imagination — there is no good cooking without good equipment." He and the Habitat organisation have got together to try and make it as easy as possible for enthusiastic cooks to choose the best possible equipment for their kitchens.

Twelve complete pages of the new Habitat catalogue, due out on August 30, have been given over to kitchen equipment and every Guerard approved item is accompanied by a tiny illustration of a crossed knife and spoon. This section of the catalogue is not so much a list of things to buy as a beguiling evocation of a life-style.

There are *bons mots* and recipes (I can particularly recommend the *poire au croute*) from the master chef himself, and ravishing pictures that conjure up a whole new world that the message seems to be, could be yours if only you had the right saucepan.

However, anybody seriously interested in buying kitchen equipment, whether starting from scratch or just filling in the gaps in their own collection, will be heartened by the extreme simplicity and rationality of M. Guerard's approach to the matter. Every piece he looked at was examined almost entirely from the point of view of whether it was the best possible item for the job it had to do. Which isn't to say that he makes the matter dull. Far from it — when it comes to selecting bowls and dishes he is well aware that the ultimate test is how the food looks and tastes on the plate, so aesthetics are vital, too.

It is quite interesting to look at Habitat's reasons for inviting M. Guerard to review their kitchen range. After all, the store had already been selling kitchen equipment, not unsuccessfully, for some 16 years in a row. From a sociological point of view it is curious to note that in France, where Habitat now has 10 stores, there has been nothing like the same craze for home-cooking that has swept through England and America.

One of the things Habitat hoped to do was to inspire the customers in France to get more pleasure and excitement out of cooking at home, as well as rationalising and simplifying the choice for the already enthusiastic customers in Britain.

When it comes to M. Guerard's selection it is interesting that many of the things he chose are very classic, some, like the wooden spoon and ladle, having hardly changed through the centuries. What it emphatically

is not about is newness for the sake of it.

He likes Sabatier knives (preferring carbon steel to stainless, as it is easier to sharpen, gives a better cutting edge but it does require proper drying to make sure it doesn't rust) and thinks that for the average cook four different knives are essential — a pliable ham knife, narrow and very sharp; a slicing knife for chopping herbs; a cook's knife which should be well-balanced and quite heavy, for cutting and slicing things like vegetables and finally, a small all-purpose knife for paring, peeling and scraping, small enough to be almost an extension of the hand.

He likes traditional things like Pearson's bowls (*"fait d'un matériel qui est noble"*) but also finds light, flexible plastic ones, with non-slip rubber discs on the base very useful.

Rolling-pins should be simple wooden cylindrical shapes without handles to give the pastry-maker a better "feel" for the pastry below. He likes the simple white porcelain fluted dishes which enable the cook to present food without taking it out of the dish it has been cooked in. Saucepans he likes best in stainless steel and copper for the most efficient conductivity but, above all,

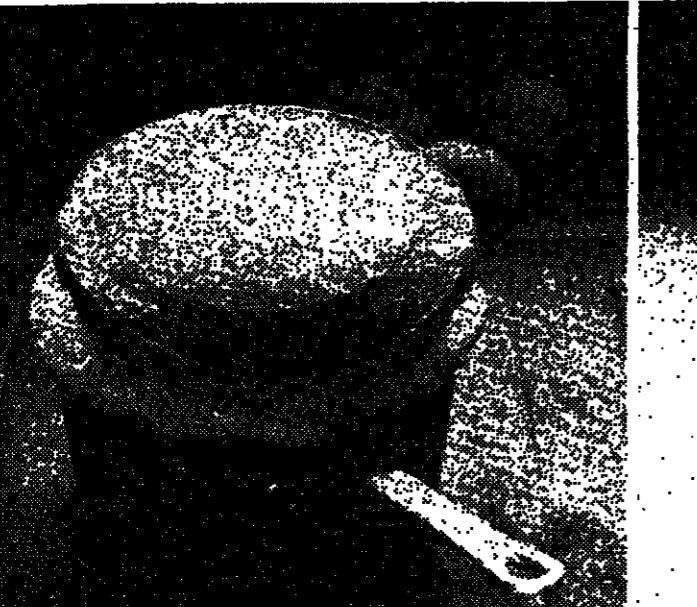
“If there is no great cooking without imagination — there is no good cooking without good equipment”



Michel Guerard photographed at Eugénie-les-Bains



A cooking brick helps preserve flavour



A soufflé cooked in a saucepan



A sturdy kitchen work table

Call for help

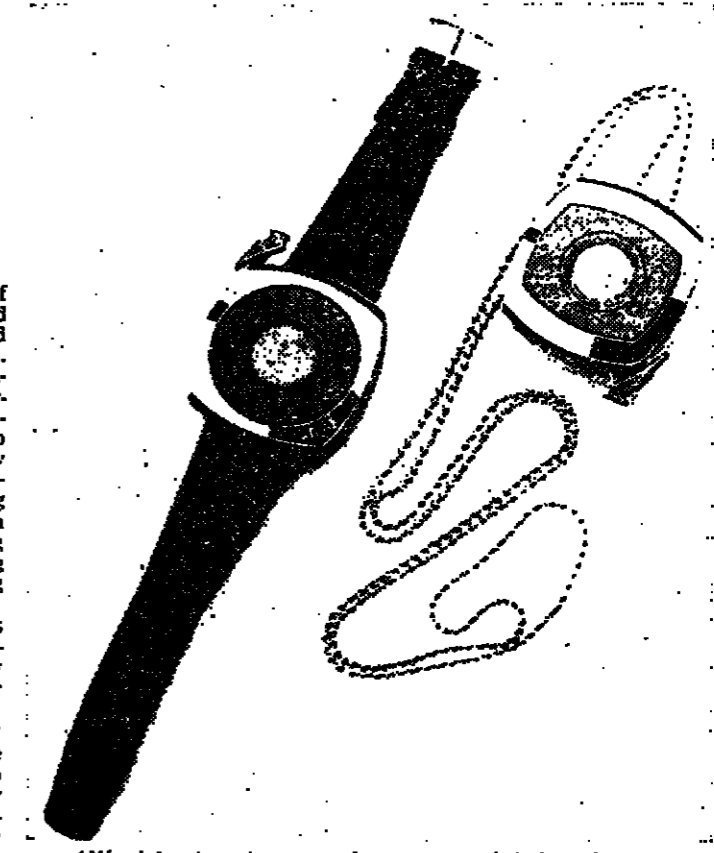
ALL OF us at some stage of our lives either become old ourselves or are concerned about somebody who is old. There are more than 8m pensioners in Britain and apparently 30 per cent of these pensioners live alone. Those who live alone are often haunted by the fear of something happening to them, of perhaps falling down a stair, or tripping on something, or even suffering from a heart-attack and lying there for days before being discovered.

Aid-Call is a scheme that has been devised by Sebastian Fenwick (whom many readers may remember as being the founder of the Bunch alarm system) specifically to give the elderly who live alone the reassurance that should they need help they can summon it merely by pushing the button of the wrist-watch or pendant that they should wear at all times.

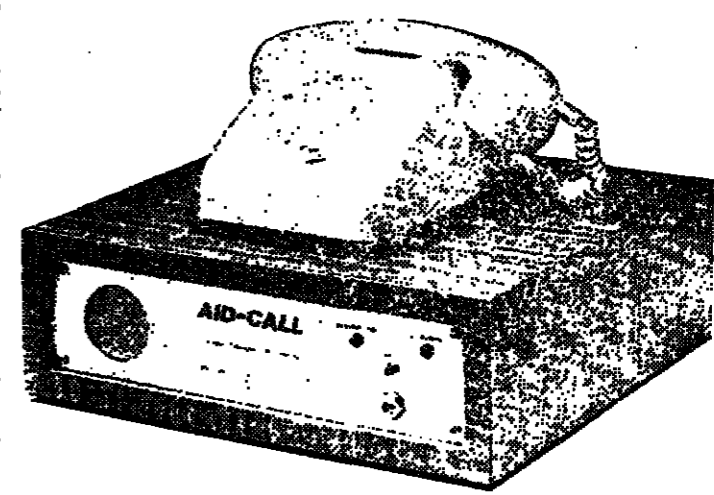
Though Aid-Call is not cheap to buy initially (it costs £325 for the equipment and then there is an annual £40 monitoring charge), Sebastian Fenwick felt that it was so badly needed, would offer so much reassurance both to the elderly themselves and to those who care about them, that either children or groups of relations could club together to buy it for an elderly member of the family. Many doctors have become very enthusiastic about it and are urging local authorities to buy the system as it will enable the elderly to leave hospital earlier.

Basically Aid-Call uses a radio transmitter the size of a wrist-watch (as you can see from the photograph above right) it can be worn on the wrist or as a pendant round the neck) which can easily be pressed to activate an electronic communicator. The communicator in turn uses GPO telephone lines to send an alarm signal to the Aid-Call monitoring centre which is manned 24 hours a day and will operate nationwide. As soon as one of the Aid-Call operators hears the call he or she immediately telephones one of the list of relations or neighbours that the elderly person has designated should be called. If, by any chance, nobody is in the operator then calls the local police.

What this means in practice



'Watch' and pendant transmitters summon help in an instant



The control unit and telephone which relay the emergency call

is that anybody elderly can go on living alone without fear of falling, of becoming ill and being unable to reach door or telephone. A simple touch of the button summons help almost immediately.

Aid-Call works off a battery, which is kept fully charged by the mains power and should that battery fail there is a standby battery to take over. It has every conceivable approval from Home Office through to GPO.

The technical data behind the system are, naturally, quite

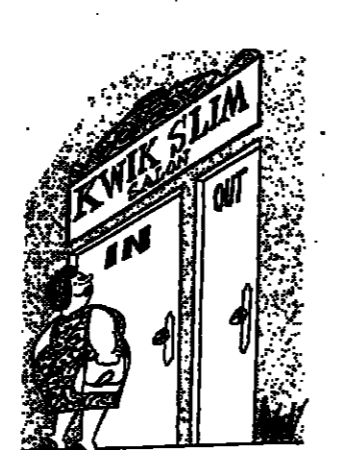
complicated but anybody interested in knowing more should write to Aid-Call, 11 West Halkin Street, London, SW1 8JL and they will be sent a free explanatory leaflet. Equally, if you want to see the system in action Aid-Call will organise a free demonstration.

At the moment the system is available all over England, south of the Trent, but within six months it will be available throughout England, Scotland and Wales but, unfortunately, not Northern Ireland.

Thinner by the minute

WE ALL know that the sensible way to slim is to do it slowly over the months, following a good, sound diet and losing a steady two pounds a week. However, there comes a moment in all but the skinniest woman's life when she longs to lose some inches — fast. She's about to go on holiday and wants to look good in a bikini, or there's a particularly glamorous party coming up. Whatever the reason, if you want to lose inches fast — and safely — there is a way. It's called Kwik Slim and it does seem to work.

It is available in over 300 beauty salons throughout the country and is based on a method of body "wrapping" or "bandaging." I thought the best way of finding out whether it worked was to send somebody along to try and as my secretary, Lucinda, is always wanting to be a few inches thinner and was about to go on holiday she seemed the ideal guinea-pig. She went to 18b Montpelier



Mews, London, SW7 where she found a bright airy salon. When she got there the two girls who run it first of all took her measurements. Then they gave her a steam bath ("I looked very like the tin man in the Wizard of Oz, all shut up in a

glass fibre box with just my head sticking out").

Then a warm herbal jelly was rubbed over her and finally the bandages were wrapped very tightly round her legs, hips and waist, so that she looked almost exactly like an Egyptian mummy. So tightly was she bound up that she couldn't walk and the girls had to help manoeuvre her on to the bed. There she lay reading and dozing for an hour and a half (the things we do in this office to earn our keep). When finally unravelled she had lost nine inches overall distributed between thighs, tops of legs and waist.

She felt distinctly firmer and taller but on her secretarial salary didn't feel she would actually think it worth paying £12.50 for herself, though she concedes that women with more time, money and parties might well think it worth the money.

Besides helping to lose instant inches the system is also ideal for what is called "re-contouring" the body — that is, if you are roughly the right weight but that weight is, to your mind, wrongly distributed, perhaps your hips or the tops of the legs are heavy, then judicious wrapping of the offending parts, coupled with the application of the herbal gel, can reshape those areas.

It is important to note that Kwik Slim is unlikely to reduce your actual weight but the inches lost can usually be kept off for quite a long time — because the system does not depend on dehydration the inches are not replaced by normal drinking.

A basic wrap costs £12.50, and a full wrap £15.95. For your nearest Kwik Slim salon write to Wardglen, 242 Ballard's Lane, London, N12.

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ARTS

Salzburg Festival 1: Grand operas

BY DAVID MURRAY

Salzburg's charms never wear thin, but they are more and more densely enjoyed. The crowds that choke the Getreidegasse have been lured, perhaps, more by the Sound of Richard Rodgers' Music than by Mozart's. Still, the Festival itself took the crucial step 20 years ago with the opening of the Large Festspielhaus for Herbert von Karajan. Its 2,371 seats—top price £87—require as many expensive bottoms, often on the same night as another performance in the Small Festspielhaus (1,343 seats); the town stretches hard (and not unprofitably) to accommodate them all. The larger stage is vast indeed, and superbly equipped—the new *Tales of Hoffmann*, rife with ingenious effects, could still drop a whole male chorus hydraulically through the floor at once. There, operas themselves must struggle to fill the place.

Is *Les Contes d'Hoffmann* grand enough for that? Certainly Offenbach meant it to be (though he died before completing it, a century ago this October—hence its surprising choice as Festival-opener); certainly his admirers want it to be; and there it is at the Festspielhaus in Jean-Pierre Ponnelle's production, sumptuously dressed. (That goes for the audience, too, the like of which is never seen at Covent Garden—the townsfolk still gather nightly in considerable numbers to watch the nobles arrive.) Q.E.D., then?

The same remains tantalisingly open. Offenbach left a hotchpotch of finished numbers, sketches and contrived scenes, posthumously filled out by Ernest Guitard's recitatives. Two years ago Fritz Oeser published a new critical edition, aiming heroically to re-create Hoffmann as Offenbach envisioned it. Oeser's product is itself controversial, however, for it presents a radically unfamiliar version of the Venetian act, drawing heavily upon the earlier Offenbach failure *Die Rheintöchter*. (From it came the famous Barcarolle, and it seems that Offenbach did intend to salvage more from his old

score.) At Salzburg Ponnelle and the conductor James Levine have made cautiously selective use of Oeser's findings.

The whole opera is strengthened by the generous extension of the role of Nicklausse, Hoffmann's secret Muse. (Anne Howell looks dashing in breeches, and sings quite well.) She gains among other things a new Romanza in the Antonia act—now placed definitively before the Venetian act—and a share in an excellent trio with Hoffmann and Coppolus in the Olympia act. There are various improvements in the musical sequence and also some abbreviations, not always happy.

The traditional preference for making Antonia the last of Hoffmann's three lost loves is explained by the emotional power of her music and her plight, after which the courtesan Giulietta's intrigue must seem an idle anecdote. Ponnelle transforms the Antonia act, and its effect within the whole opera, by making it a Gothic horror-fantasy, not a Traviata-study: much lurid phantasmagoria, less pathos. Antonia is plainly possessed from the start, and the fatal trio brings a mad multiplication of ghostly Mothers and Dr. Miracles. All the staging gleams evilly with mirrors right up from the floor, which becomes a Venetian lagoon when the buildings of Hoffmann's *Kleinstadt* rise on piles and turn into palazzi. Sadly, the spectacle is let down again by the scrappy Venetian music. Oeser's reconstruction is not attempted: the routine septet (which may not be by Offenbach) is no counterweight to Antonia's trio, and the sole gem is Dapertutto's "Scintille d'amiante" delivered by José van Dam with the refined authority he brings to all the villains of the piece.

All the heroines are Edda Moser (Christiane Ede-Pierre on some nights), whose crushed-velvet soprano sufficed for Antonia and Giulietta but was impossible for the doll Olympia's wittierings: no bright spring, no "ping" at the top. She cuts a striking figure every



Antonia and Dr. Miracle in *Tales of Hoffmann*

where, throwing herself with a will into the tortured poses Ponnelle requires. Plácido Domingo, vocally resplendent, is a fervent, committed Hoffmann who regularly misses the essential charm of phrase by striving for an alien kind of expressive intensity, a kind which does not belong to this music. It is a case where less power would mean more—like the tiger who constantly overshoots his prey and has to practice short leaps. When Remy Corazza demonstrated the authentic style in the servant Franz's little *complet*, too immediately winning effect, one realised with a shock how much it had been inflated. Levine draws scrupulous playing from the Vienna Philharmonic, though there are punctuations of Wagnerian violence, and little effectiveness in the Olympia act, and recitatives made too slow and too important. A grand near-miss.

No doubt about the massive grandeur of Karajan's *Aida*, revived from last summer. The preternaturally perfect organisation of musical and stage

elements is astounding, and Schneider-Siemssen's sets are masterly. The monstrous temples of the first acts give way in the Nile scene to a vista of the great river and endless dusty hills, beyond which *Aida* looks longingly away to her Ethiopian forests. At the end, in the same locale seen from the side, she and Radames are immersed in a tiny chamber which vanishes inch by inch beneath the sands, Amneris lamenting alone in the wastes above while a dying radiance flickers on the hills.

José Carreras is a Radames of sound conventional virtues, not more. Mirella Freni's *Aida* is persuasive and affecting, though the scale of the house forces her into perpetual full cry at some cost to subtlety of colour. Until "Ritorna vincitor," she moves always in the shadows and yet catches the eye, tremulous with anxiety and resentment. In the "closet scene," a vision of golden screens and languid maids bathing, her confrontation with Amneris is sharply detailed; here Ruza Baldani's Princess comes into her own, rich in timbre and alert—a pity that in the trial scene later, Karajan's orchestra swallows her whole. (Otherwise Karajan is remarkably tender with his singers, though his slightly ponderous tempo leave no room for sudden surges of Italianate feeling.) Ruggero Raimondi lends his full black weight to Ramfis. Piero Cappuccelli is a distinguished Amnossor, urgent and overbearing; he leads an exciting chase at the crisis of the Nile scene.

The Triumph ceremony is embellished not only by Karajan's twelve-not-six—very Teutonic trumpets (with little of the hilted swagger that Verdi surely expected), but by John Neumeier's fine choreography for the Egyptians—versus-Ethiopian charade, which makes perfect music-dramatic sense of Verdi's ballet music. The baller-Ethiopian in their slinky body-paints are pointedly contrasted with the real Ethiopian shiverers, shivering and disoriented in their bonds. Neumeier has also invented a dance for bare-breasted acrobatic twins in the closet scene that answers beautifully to their fazing music. In short, this is a magnificently prepared, *Aida*, one that in some ways sets new standards. But Salzburg has also Mozart, and the apparently immortal Karl Böhm.

BY MAX LOPPERT

The English National Opera has revived its 1971 production of Monteverdi's masterpiece. There is no operative disquisition on the nature of erotic love more subtle in its investigation, more clear-headed in its characterisation, more impartial and complex in its insights—for that matter, few London theatres of any kind currently house such a profoundly disturbing drama. On the understanding that a newcomer to the work might discern something of its power in a visit to the Coliseum, and by that discovery be moved to explore one of the recordings in which the composer's style (and that of the period) are more accurately represented, the revival, which opened on Thursday, can be cautiously recommended.

For a repertory company commenced upon its seasonal schedule, the ENO does not do so very badly by Poppaea. All the same, there is no point in insisting it does very well by it.

The sets and costumes are famously garish, notably so in the final scenes (the sight of Emperor and newly installed Empress singing "Pur ti miro" while seated in what appears to be adjacent golden wheelchairs verges dangerously on comedy). The dramatic lines of Busenello's libretto are not actually obscured thereby—there is room, in Colin Graham's production, for individual personalities to tell, and the most vivid do so—but it is a "show" of a kind not closely in sympathy with the moving spirit of a tightly-controlled music-drama.

It is difficult to know how the music could be performed, with any measure of authenticity, in a theatre of this size. The thinking behind the use of the Raymond Leppard version is that an inflated orchestral sound (purveying an enrichment of Monteverdian harmony and counterpoint) will carry the music into corners unlikely to be reached by forces of

correct size, timbral density, and projection. The obvious danger, borne out by much of Kenneth Montgomery's conducting of a less than alert or always well-tuned orchestra, is that without a complementary measure of dramatic "go" from the instrumentalists the impetus of the music, and therefore of the drama, tends to gum up. For this revival several cuts have been opened. Though it was particularly valuable to be reminded of the sense and the purpose of the Othello-Drusilla scenes, this proved—given the quality of the playing, and the size of the house—more of a mixed blessing, on the whole, than one might have wished.

No doubt, a work of these peculiar demands—clear, forward, vocal projection allied to sentient verbal delivery and character delineation—discourages an opera company from supplying an ideal cast distribution for the large number of roles (even

the smallest is unfailingly rewarding). Nevertheless, I was not always persuaded that Thursday's performance had drawn on ENO company material to best effect. There was a deal of wooding, of voices throatily sounded and words infirmly projected. Only two singers—Deila Jones in a splendidly forthright and fiery portrayal of Octavia, and Elaine Greig, interestingly cool and vocally colourful (if not always securely projected), in the title role—can be said to meet the demands of Monteverdi, especially of Monteverdi in English. But Christian Du Plessis (Othello) and Geoffrey Pogson (Nero), both of their voices an octave below proper pitch, had their moments, and Anne Collins Arncliffe was funny in its broad and notably un-Monteverdian way. I enjoyed the performance rather more than this notice suggests; but it would be hard to pretend that its faults were concealed.

Edinburgh fringe

BY MICHAEL COVENEY

John McGrath's 7:84 Scotland Company was at the Churchill Theatre in Morningside Road this week before embarking on another extensive tour. *Blood Red Roses* is a typically delectable and amusing piece, exhorting the working class to wake up. In Bessie McGuigan he has written a role in the Brechtian feminist heroic mould, a battling mother in East Kilbride who, when the Tories win, she works is threatened with closure, takes on the multinationals by organising a strike throughout European factories under the same umbrella.

Her husband is a union official who refuses to recognise her unofficial action in the early days, but tolerates a torrid domestic life, one unravelling heroine in Lisbon start ringing up as the children are ready for bed. The marriage breaks up. The household also includes Bessie's father, who lost a limb in Korea (he extricates himself from one row with the exit line "I must go and oil my leg"), and is therefore conveniently on hand to do the ironing, read bedtime stories and, more crucially, place the incidents of the play in a

typical McGrath historical context.

To be frank, I am less interested in Mr. McGrath's message and his politics—what, after all, can he say except that the fight must go on—than in the dramatic skill with which he pins down the contradictions in his characters. Alex is a good family man but is pacing up and down in the maternity ward on a morning night worrying about the Tories winning. He has an appetite for the class war but no idea what he'd do if he won. Some of this balancing act has a schematic feel to it, but much of the dialogue ripples along in fine style.

Elizabeth MacLennan turns unnecessarily arthritic after the divorce, but pulls herself together to get pregnant by a lad half her age, much to the amusement of her teenage

daughters. There is some good inter-act, unaccompanied singing, always just enough to cover the change. Mr. McGrath is a highly accomplished director of his own work. The standard here is unlikely to be equalled elsewhere on the fringe.

Certainly not at the new Circuit venue in Upper Grey Street, where I survived half an hour of an excruciatingly self-conscious farrago by Vince Foxall performed by the Avon Touring Company. Mr. Foxall is a winner of the John Whiting Award, which is rapidly becoming as devalued as the Pulitzer Prize. *Brittle Glory*, or what I saw of it, is a punning, punkish variation on themes of Shakespeare's *Richard II* with make-up and grimaces wrapped ostentatiously round a vapid ambition to shock. I would lay

money on it winning a Fringe First.

An ad hoc professional company, the Actor's Ensemble, have resuscitated a marvellous play, Philip Massinger's *A New Way to Pay Old Debts*, in Belford Church. I think the director, Simon Howard, has pinched a few ideas from the Rustaveli's *Richard III*, but even though his version is heavily edited and indifferently acted, it is a salutary reminder of how much contemporary exaggeration there is still to be done in the Elizabethan and Jacobean repertoire. This darkly moral comedy has a fairly good stage history; Sir Giles Overreach was one of Wolof's big roles. Paul Gillard makes a fair stab at it, emitting a strongly incestuous frisson in the great scene where he thrusts his daughter in the direction of a man she does not love.

New Orleans band for UK tour

The Preservation Hall Jazz Band from New Orleans is touring England next month and the highlight of the short visit will be a London concert at the Festival Hall on Sunday, September 14 at 7.30 pm.

Preservation Hall in New Orleans is the acknowledged home of New Orleans jazz and the members of the band appearing in England are regular members of the various bands which play at this New

Orleans "Mecca". Heading the band are the two Humphrey brothers: Percy Humphrey on trumpet who is 75 years old, and Willie Humphrey on clarinet who will be 80 in December.

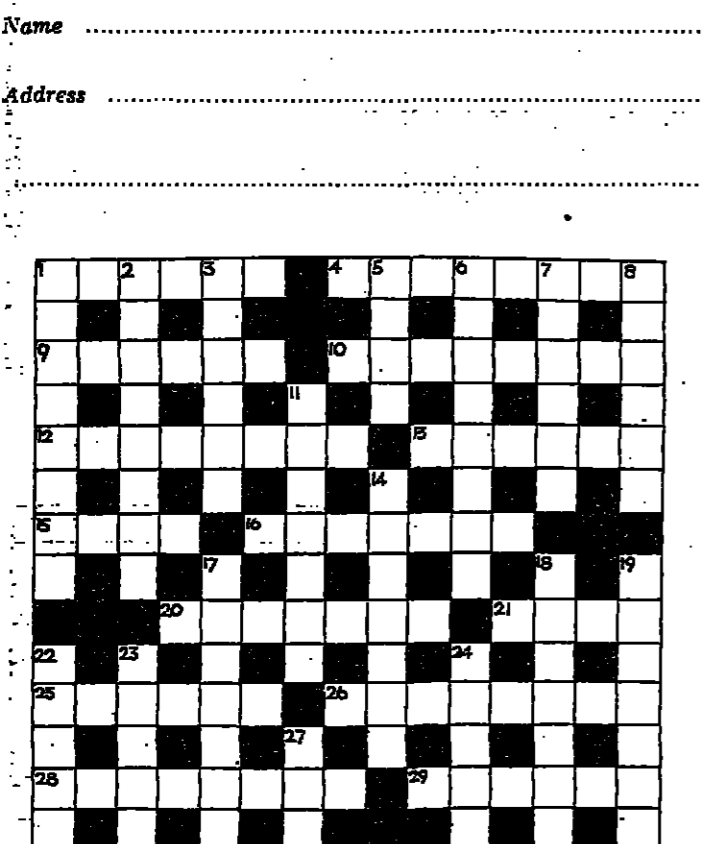
Norman Shelley dies

The veteran radio actor, Norman Shelley has died at the age of 77. Mr. Shelley, who was a mainstay of the BBC radio drama repertory company for

many years, played the role of Col. Dauby in *The Archers*. He will be heard in several episodes already recorded due to be broadcast over the next week or so.

F.T. CROSSWORD PUZZLE No. 4356

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.



- 1 Mean partner to make an attempt (6)
2 Flourish what's left from grain container (8)
3 Fight for an extra seat (8)
4 Refuse to acknowledge reject (8)
5 After-effects of project? (8)
6 Sailor posted missing (6)
7 Dirty lubricant from the south (4)
8 Get back and get better (7)
9 Standard in front of a cherished fortification (7)
10 Give notice of danger from hostilities to the north (4)
11 Sluggish second boat at Oxford (6)
12 Couple allowed to produce an ornament (8)
13 A French string of horses could be tottering (8)
14 Stir porridge (6)
15 Anchor bird for a dish of food (8)
16 Shaped like an orange offered up (6)
- DOWN
1 Buy a grip (8)
2 Beat insect in aquatic mammal (8)
3 A female supporter. Come quickly! (4,2)
4 Right help in attack (4)
5 Inferior stuff to drink and

Solution to Puzzle No. 4355

TV/Radio

BBC 1

Indicates programme in black and white.

7.15-8.30 am Open University (Ultra high frequency only).
9.15 Baggy Pants and the Nitwits. 9.40 The Flashing Blade. 10.00 Athlete. 10.25 The New Adventures of Batman. 10.45 A Tale of Two Kittens. 10.55 "Lassie, the Voyager" starring Lassie with Macdonald Carey. 12.27 pm Weather. 12.30 Grandstand: Football Focus (12.35). Athletics from Brussels (1.05) The Ivo Van Damme Memorial Meeting: Racing from Goodwood. Cycling from Leicester Sports Centre (2.05, 2.35, 3.50) The British National Track Championships: Show Jumping from Hickstead (2.10, 4.10) The Lambert and Butler Tankard. 3.45 Half-time Football scores: 4.00 Final Score: Classified football results, match reports and the latest news of other sports, including racing and tennis.
5.10 The Pink Panther Show. 5.30 News. 5.40 Sport/Regional News. 5.45 "Can't Stop The Music" "The Making of the Movie". 6.15 Disney Time. 7.05 It's A Knockout. 8.20 The Martini Chronicles. 9.55 News and Sport. 10.10 The Saturday Film: "The Elmer Fudd" starring Clint Eastwood.

All Regions as BBC-1 except as follows:

Cymru/Wales—5.40-5.45 pm Sports News Wales. 12.15 am News and Weather for Wales. Scotland—4.55-5.10 pm Scoreboard. 5.40-5.45 Scoreboard. 12.15 am News and Weather for Scotland. Northern Ireland—5.00-5.10 pm Scoreboard. 5.40-5.45 Northern Ireland News. 12.15 am News and Weather for Northern Ireland. England—5.40-5.45 pm (South West only) Saturday Spotlight.

BBC 2

7.40 am-2.45 pm Open University. 2.55 Saturday Cinema Double Bill: "Hello Frisco, Hello" starring Alice Faye, John Payne and Jack Oakie. 4.30 "Down Argentine Way," starring Don Ameche, Betty Grable and Carmen Miranda. 5.55 Konkombé—The Music of Nigeria, West Africa. 6.45 Dallas.

SOLUTION AND WINNERS OF PUZZLE No. 4350

Flt/Lt P. N. Atkinson, Solis. The Loop, Felpham, West Sussex. Mrs. V. Cleaver, 4, Machrie Place, Kilmanning, Ayrshire. Mr. K. A. Woodall, 2, St. Nicholas Close, Allestree, Derby, S21 2JW.

7.35 News and Sport. 7.50 Nine Lives. "Point Counterpoint"—The Life and Works of Georges Seurat. 9.00 The Hong Kong Beat. 9.30 Mollère. 10.30 Return Call to Brass Tacks. 11.40 Horror Double Bill: "Power of London," starring Basil Rathbone, Boris Karloff and Vincent Price. 12.10 am "The Skull," starring Peter Cushing and Christopher Lee.

LONDON

8.40 am Sesame Street. 9.40 Fangface. 10.05 Space Academy. 10.30 Fun Factory. 12.30 pm World of Sport: 12.35 On The Ball: 12.55 International Sports Special (Part 1) Clay Pigeon Shooting—The Jackie Stewart Celebrity Challenge from Chester. 1.15 News: 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newmarket. 1.45, 2.15 and 2.45 from Newcastle. 3.10 International Sports Special (Part 2) Water Skiing—The Stuyvesant European Championship from Reading. 4.00 Wrestling: 4.50 Results. 5.05 News. 5.15 Cartoon Time. 5.30 Return of the Saint. 6.30 The Crowther Collection. 7.00 The Incredible Hulk. 8.00 Sale of the Century. 8.30 From Here To Eternity. 9.30 News. 9.45 Tales of the Unexpected. 10.15 The Big Match. 11.30 The Moore in Concert (Part 2). 12.30 am Close: Personal choice with Rudolph Walker. All IBA Regions as London except at the following times:

ANGLIA 9.30 am Fantasy Island. 10.10 Fangface. 5.15 pm Cartoon Time. 7.00 The Incredible Hulk. 8.00 Sale of the Century. 8.30 From Here To Eternity. 9.30 News. 9.45 Tales of the Unexpected. 10.15 The Big Match. 11.30 The Moore in Concert (Part 2). 12.30 am Close: Personal choice with Rudolph Walker.

ATV 9.10 am Treasures in Store. 9.35 Home Produced. 10.00 The Beachcombers. 10.30 The Incredible Hulk. 8.00 Sale of the Century. 8.30 From Here To Eternity. 9.30 News. 9.45 Tales of the Unexpected. 10.15 The Big Match. 11.30 The Moore in Concert (Part 2). 12.30 am Close: Personal choice with Rudolph Walker.

BORDER 9.10 am Treasures in Store. 9.35 Home Produced. 10.00 The Beachcombers. 10.30 The Incredible Hulk. 8.00 Sale of the Century. 8.30 From Here To Eternity. 9.30 News. 9.45 Tales of the Unexpected. 10.15 The Big Match. 11.30 The Moore in Concert (Part 2). 12.30 am Close: Personal choice with Rudolph Walker.

CHANNEL 5.15 pm Puffin's Place. 7.05-8.15 The Bear. 11.30 The Poetry of Landscape. 11.45 Musical Special.

GRAMPIAN 9.30 am The Lost Islands. 10.00 Superman. 5.15 pm Poppaea.

Chips. 10.15 Scotland. 11.30 Reflections. 11.55 Musical Special.

GRANADA

9.30 am Treasures in Store. 10.00 Cartoon. 10.05 Batman. 12.00 and 3.10 pm Treasures with Mike Carey and Tony Blair. 7.05 Beyond Westworld. 10.15 Match Night. 11.30 The Hollywood Thriller—Joseph Cotten in "The Lonely Profession".

HTV

9.10 am Home Produced. 9.35 Getting On. 10.05 Batman. 5.15 pm Spiderman. 7.05 Chips. 11.15 Vegas. HTV Cymru/Wales—As HTV West. HTV General Service except: 6.35-7.05 pm Sion a Sian.

SCOTTISH

9.10 am Treasures in Store. 9.35 Tarzan. 5.15 pm Hear Here. 7.05 Chips. 10.15 Scotland introduced by Radio Scotland. 11.30 Liza Clair. 11.55 SWAT.

SOUTHERN

9.00 am Sesame Street. 10.00 The Beachcombers. 10.27 Regional Weather. 7.00 News. 7.15 News. 7.30 News. 11.30 Southern News. 11.35 Have Girls Will Travel.

TYNE TEES

9.00 am Tarzan. 9.45 Saturday Morning Movie: "State Secret." 11.25 240 Robert. 3.10 and 5.15 pm Rosses Cricket. 7.00 News. 7.15 News. 7.30 News. 11.30 News. 11.35 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News. 1.05 News. 1.10 News. 1.15 News. 1.20 News. 1.25 News. 1.30 News. 1.35 News. 1.40 News. 1.45 News. 1.50 News. 1.55 News. 2.00 News. 2.05 News. 2.10 News. 2.15 News. 2.20 News. 2.25 News. 2.30 News. 2.35 News. 2.40 News. 2.45 News. 2.50 News. 2.55 News. 3.00 News. 3.05 News. 3.10 News. 3.15 News. 3.20 News. 3.25 News. 3.30 News. 3.35 News. 3.40 News. 3.45 News. 3.50 News. 3.55 News. 4.00 News. 4.05 News. 4.10 News. 4.15 News. 4.20 News. 4.25 News. 4.30 News. 4.35 News. 4.40 News. 4.45 News. 4.50 News. 4.55 News. 5.00 News. 5.05 News. 5.10 News. 5.15 News. 5.20 News. 5.25 News. 5.30 News. 5.35 News. 5.40 News. 5.45 News. 5.50 News. 5.55 News. 6.00 News. 6.05 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Interferon: the high stakes gamble

BY DAVID FISHLOCK, SCIENCE EDITOR

IN A laboratory in Beckenham there stands a 600-litre "test tube" in which scientists are cultivating crude interferon from human cancer cells on a scale which astounds medical researchers.

This is just one example of a number of speculative multi-million pound investment in new bio-technology plants to produce interferons, even though it is not yet clear that they can live up to the extravagant claims being made for them.

Interferons are naturally occurring drugs which can kill viruses and which seem to slow down the growth of at least some kinds of cancers. Hence the excitement in the scientific community that it may now be possible to obtain interferon in quantities of a purity consistent with good scientific experiments.

For more than two decades, since their discovery in the Medical Research Council laboratories at Mill Hill near London, the interferons have been a source of immense frustration to scientists and industry alike. Lord Rothschild summed up the problems recently when he quoted the current price as "billions of dollars per pound."

The flood of publicity this year about what interferons may be able to do has masked their scarcity and prompted deeply distressing calls from mothers of children dying of cancer, begging a pinch of the drug for their child.

Most recipients of such calls deeply wish they could lay hands upon a pinch of pure interferon, in order to see if it really does work. But some of the industrial teams—both in Britain and abroad—which are right at the forefront in making the drug are deliberately understating their involvement for the present. Not least they fear the consequences of public reaction should hopes be raised high for yet another "cure for

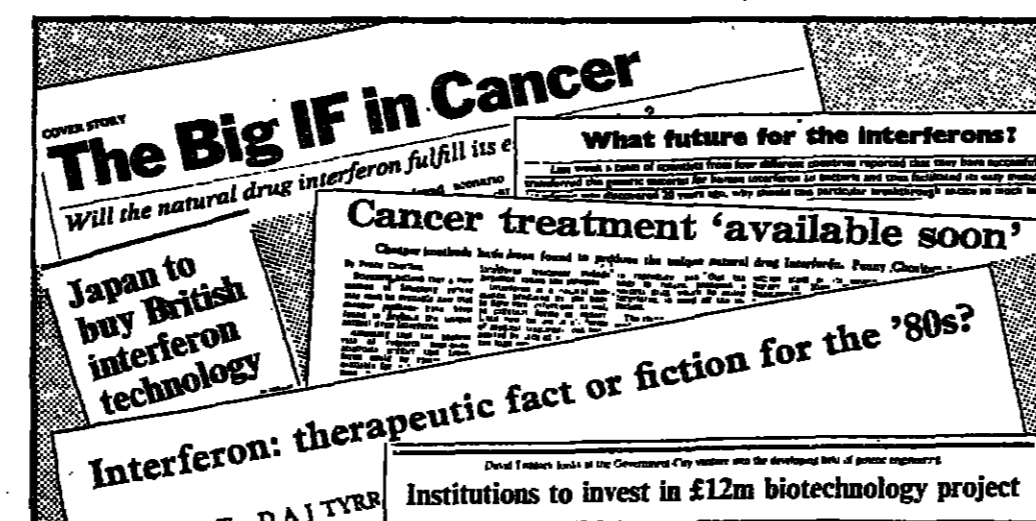
cancer" which once again proves not to work.

Back in the 1950s the late Dr. Alick Isaacs and Dr. Jean Lindenmann showed that interfering was the living cell's natural defence against infection by a virus. Unlike bacteria the still smaller micro-organisms called viruses are not killed by antibiotics or other present-day drugs, which is why virus diseases from colds or influenza to smallpox, yellow fever, and possibly some cancers are so difficult to treat.

The two British researchers showed that interferons (only recently has it become clear there are several of them, complicating the story still further) are liberated by cells infected by a virus. They showed that interferons are highly toxic to viruses. And there for years the story rested because it proved almost impossible to separate interferons in a form pure enough for scientists to test, with reasonable assurance that what they were testing was indeed interferon and not some unidentified substance. Typically, what little interferon was being prepared contained only one part of interferon in 1,000 parts of impurity.

All but one British drug company, for example, gave up the struggle for pure interferon during the 1960s. Only the Wellcome Foundation persisted. This year its persistence has been rewarded. It has received an order from cancer research workers for \$1m worth of its purest interferon—Dr. John Vane, its director of research says this is about 50 per cent pure—and the company has just signed an agreement with the Sumitomo Chemical Company in Japan, which wants to make the drug under licence and to buy it from Wellcome for initial experiments in Japan.

In 1971 G. D. Searle, a U.S. drug company—in its British research laboratories at High Wycombe—began to culture cells as the first step in the



lengthy business of preparing "pure" interferon from living cells, and convincing the drug safety authorities of its safety. In 1977 Searle became the first company in the world to receive approval from both the British and the U.S. Governments, for its interferon to be given to patients. The first clinical trials began in a cancer hospital in Texas early this year.

The most important source of interferons so far has been the Finnish Red Cross Blood Transfusion Centre in Helsinki, where Dr. Karl Cantell spent a decade perfecting a way of separating one type of interferon from white blood cells (leucocytes). From 90,000 pints of blood donated he produced about 10,000 pints of "crude interferon" containing a trace—one-tenth of a gram in total—of pure interferon.

This source of interferon has prompted some of the most optimistic claims for its efficacy as a "cure for cancer," notably from tests in Sweden on patients with a rapidly fatal brain cancer. But other scientists are very unhappy at the claims being made and what they claim is the poor control exercised in

the Swedish experiments. Among the most confusing of the legends that has already grown up about interferons is the idea that they can now be made simply and cheaply by "genetic engineering." This is simply not true; although so fierce is the commercial competition in some parts of the drug industry that exaggerated claims for this new technique have been widely publicised. In fact, the techniques in which Wellcome and G. D. Searle in Britain, and Abbott Laboratories in the U.S., for example, are now investing millions of pounds do not involve genetic engineering at all.

Nevertheless they are biotechnology processes, just as the processes used to make antibiotics and the pill, or for that matter beer and cheese, are biotechnology processes. If, and when, genetic engineering proves successful in making interferons in the factory, these too will be biotechnology processes.

Biotechnology processes are those which harness a living organism such as a cell or a microbe, in such a way that they thrive and multiply rapidly, like yeast on a fermenting beer.

Wellcome has perfected its method of making "crude interferon" from human cells in its 600-litre vessel at Beckenham. This is a vessel in which the organism can be continuously fed and coaxed in closely controlled conditions, and protected from any risk of infection. In short, it is a kind of intensive care in which the organism has nothing to do but breed. But the scale of the operation still amazes medical researchers. One of the many problems of interferon is that it has proved to be "species specific," which means that people seem to respond only to the kind of interferons released by human cells. We do not respond to interferons released by some other species. In the way, for example, that a person with diabetes can be treated successfully with insulin extracted from the pancreas of a pig or a cow.

The raw material for Wellcome's interferon is human white blood cells taken from people with a particular cancer. The company makes a culture of these lymphoblastoid cells, cultivates them so that they are continuously proliferating, and deliberately infects them with

a particular virus to stimulate them to make interferon in self-protection.

They then use an elegant scientific method called chromatography to separate the trace of interferons in the "soup" of cells from the far greater quantities of unwanted protein. To obtain a drug that is 50 per cent interferon, Wellcome is scaling up this delicate manufacturing operation at one of its factories overseas, to make the quantities needed for trials in patients. The company obtained approval last year to carry out trials on patients suffering from cancer or other life-threatening disease. It is also providing interferon to Medical Research Council groups in Cambridge and Warwick which are developing a technique of purifying it still further.

Even so, Dr. Vane stresses that interferons remain "an experimental agent which can at present only be manufactured at high cost." The investment in this modest stage of scale-up, as both Wellcome and G. D. Searle confirm, runs to several million pounds—for a drug whose efficacy is far from proven.

In Israel researchers seem to have found another promising source of human cells. A senior British scientist recently returned from Israel unsure whether they were pulling his leg when they told him how they had alighted upon relatively plentiful snippets of human skin tissue—courtesy of the rabbis. But a joint Israeli-Swiss company has just been set-up to purify interferons from this source, in a \$1.5m commercial project.

What, then, of "genetic engineering," the technique which has been heralded in some quarters as the route to pure and cheap interferon? In the mid-1970s molecular biologists discovered ways of performing micro-surgery on strands of the genetic material (RNA) which serves as the

template when new cells are growing.

This opened the possibility of tinkering with genes in such a way as to transfer an activity specially desired—say, the production of a particular substance by a cell—to an organism which could conveniently be bred in large numbers by biotechnology.

Early this year the scientific Press carried first reports of success in manipulating genes so as to induce bacteria to make interferons. The reports came from scientists closely

Companies involved in Interferons are like a mining company which thinks it has a rich orebody but no permission to mine it.

involved with venture capital companies set up with U.S. capital to exploit the new opportunities opening for biotechnology. (Both Britain and France this summer have copied the U.S. lead and set up venture capital companies of their own in this field.)

At least two of these companies, Biogen (which is closely associated with Schering Plough) and Genentech (which is closely associated with Hoffmann-La Roche) have taken the first step on what is likely still to prove a long and frustrating road to pure and relatively abundant interferon from genetic engineering. What no one knows at this stage is how troublesome it will prove to cultivate the "doctored" bacteria on a commercially significant scale; or how difficult it will be to purify the interferon; or even whether the interferon made in this way will ever be a sufficiently potent yet safe kind of drug to give to patients.

Companies of this kind have proved a valuable stimulus to biotechnology in recent years. Their value was recognised by the government's scientific advisers, which urged the setting up of a UK counterpart earlier this year, and by Sir Keith Joseph, Secretary of Industry, when he met some of their executives in California this summer. When Sir Keith asked why he had to travel all the way to California to learn of the growing importance of the technology, he was told by an aide: "you wouldn't have believed it at home."

But they have a problem: they are contract research organisations specialising in genetic engineering, and have no products of their own to sell. They are selling themselves on their scientific achievement and their hopes of "break-throughs" to come. On the strength of these hopes they have attracted tens of millions of dollars of venture capital. Yet they are in much the same position as a mining company which believes it has title to a rich orebody but no permission to mine it.

The tensions this creates have added a fresh twist to a situation in which, in spite of so many past disappointments, people are still clutching eagerly at each new claim for a "cure" for cancer. As a U.S. cancer research director said recently: "The desire to believe in progress in cancer treatments is so profound that people don't want to hear the disbelievers." Overall the world of medical research seems more optimistic at the moment that some good will come yet from interferon than the Scottish cancer specialist who wrote in the same issue of the BMJ of the "considerable evidence that interferon does not work; it does not prolong life; does not eradicate cancers; does not even partially shrink most tumours." But it certainly agrees when he adds dolefully: "and it does cost a fortune."

Weekend Brief

Memories are made of this

The first Test in England was played at The Oval on September 6, 7 and 8, 1880 and, to celebrate this landmark, the Centenary Test between England and Australia commences at Lords next Thursday. Although the Australian team have been here for several weeks, a large party of former Australian players, some hundred strong, have just descended upon London to see the match and to relive old battles with their opponents of yesteryear.

This massive reunion of men, who were lucky enough to do battle for the Ashes, is a considerable cricketing occasion. All one hopes is that it proves as enjoyable and successful as the memorable Melbourne Centenary Test of 1977, which was well organised, enormous fun and also produced a magnificent game of cricket. Everything was perfect, including the weather, with rain only falling on the rest day. The result was a facsimile of the original "encounter" with Australia, winning by 45 runs, so that it was hard to believe that there had not been divine intervention.

Certainly on this occasion England would have no objection if the Lords Test ended in the same way as the first meeting over here, when Lord Harris and Company, with the aid of a majestic 152 from W. G. Grace, achieved a five wicket victory.

The itinerary for the visitors is to put it mildly, strenuous—a fearsome procession of parties and a distinct shortage of sleep. Equally, some have also been selected into taking part in three Old England v Old Australia matches at The Oval, Arundel and Everton Hall.

The opening get-together was at London's Russell Hotel on Thursday. Although most were a little tired after the flight, and looked a little older, thicker round the middle and thinner on top, the memories of past encounters came flooding back—a look by Peter Burgess, a Lindwall Yorker, Bill Johnston loping up to bowl, "Slasher" Mackay rhythmically chewing, Neil Harvey throwing from the boundary, and that twinkle in the eyes and voice of Lindsey Hassett.

There can have been few more impressive, contrasting and effective speeches than Ray Lindwall and Keith Miller, the former with that beautiful controlled run up, pace and late swing, and the latter with a short, almost casual approach, and high, steep action which produced unpleasant lift from the most docile of pitches.

Arthur Morris, Neil Harvey and Bill Lawry were three master left-handers, but all very different in style. Arthur, forever shuffling across his stumps, seemed to use an unusually broad bat with which he placed, and hit, the ball with precision and power. Neil was probably the best post-war Australian

All set for cricket's celebration replay at Lords... why China is worried about its talent exports... and golf's saleswoman



W. G. Grace: a match winning 152.

China's brain drain

Chinese authorities are making it more difficult for people with higher education to leave the country. According to western diplomats in Peking who have to deal with the stream of applications from people wishing to study overseas there is a crack-down on the Chinese brain drain.

Diplomats say they have been told that in March this year a central document was issued tightening categories of those allowed visas to study at foreign institutions. The new regulations have affected particularly teachers, scientists and technicians. Experience over the past few years has shown that many Chinese intellectuals went overseas when restrictions were eased after the cultural revolution not to return.

Chinese leaders frequently complain of a shortage of skilled personnel. Deng Xiaoping, the senior vice premier, in

his benchmark January 16 speech to senior officials, lamented the shortage of trained teachers. Shortages of skilled personnel extends throughout industry and the administration. Chinese action to curb the "brain drain" is therefore understandable. So far, China has avoided embarrassment caused by dramatic defections, although defections have occurred.

The central document reportedly lays down requirements that applicants wishing to study abroad should be more carefully screened. Those included in delegations to receive the same treatment. While defections have been few, many Chinese go overseas to study with no intention of returning.

One apparent change in the regulations has meant that fewer intellectuals—the catchall Chinese term for those with advanced skills—are being encouraged to study abroad under the sponsorship of overseas Chinese relatives. Instead, more emphasis is apparently being placed on government sponsored students.

However, as one diplomat pointed out, the Chinese are in a "clef stick" over the whole question of overseas study. They need the expertise that can be gained in places like America and therefore must be prepared to accept an attrition rate.

There have long been rumours of Chinese being able to bribe their way out of the country. The going rate, according to one source, is around \$1,000. However, this may be becoming more difficult to arrange as the general policy is tightened. No estimate is available of the extent of the brain drain, but it is likely it runs into tens of thousands.

Golfing sales drive

Ask any real estate agent in London or the South East how business is going these days and you'll get a heart-rending wince. So it comes as something of a surprise to meet a Scottish real estate agent this week smiling from ear to ear and chirruping that business has never been better.

"Recession? You certainly wouldn't know there was a recession on the way we have been selling these flats and apartments. We're selling them as fast as we make them now—and the better ones are going at around a quarter of a million pounds," enthuses Glasgow-based Christine Hill.

Mind you, Hill is the first to admit that the ordinary housing estate she is selling is the Bovis Homes-British Transport Hotels joint venture residential housing development set in the 700 acre grounds of Scotland's famed Gleneagles Hotel, with its four golf courses and abundance of glens and lochs for shooting and fishing. And they are no ordinary houses, rather a range of flats and apartments priced from £50,000 to £250,000 that have been specifically designed as luxury holiday homes for the well-heeled golf enthusiast.

But despite the development's undoubted attractions, one would have thought that the Scottish holiday homes market would be one of the first to suffer in the current economic climate.

"Not at all—we've sold 98 of the 172 flats, houses and apartments that will make up the total development, and the only reason we've only sold 98 is that we've run out of properties to sell," the remaining 74 units are still to be built," says Hill, who, as sales and marketing director for Bovis Homes Scotland, is responsible for the Gleneagles Hotel development.

However, there was a time in Aucherader when Bovis wondered whether it had over-estimated the demand for golfing holiday homes. Until about 18 months ago the apartments just weren't moving, despite a heavy advertising and publicity campaign.

Alarmed at the apparent lack of success in moving some of the country's most desirably situated residences, Bovis decided a change in direction was needed, and headhunted the 34-year-old Hill, then running the rival Camben Groups marketing operation in Scotland, to take charge. Hill moved in early last year and says she immediately spotted the flaw in the existing marketing operation.

A large part of target market is the corporate sector. "Most of the big companies throughout the country had been direct mailed about the development before I came, but there had been no follow-up." The Hill follow-up seems to have worked.

Contributors:

Trevor Bailey
Tony Walker
Robyn Wilson

Economic Diary

TODAY: International Motor Cycle Show opens at Earls Court, London (until August 30). Town and Country Festival opens at the National Agricultural Centre, Kenilworth, Warwickshire (until August 25).

TUESDAY: Lord Carrington, Foreign Secretary, visits Saudi Arabia. Offshore North Sea Technological Conference and Exhibition opens, Stavanger, Norway (until August 29). Financial Times and Royal Aeronautical Society conference

on Aerospace into the Eighties and Beyond, speakers include Mr. Adam Butler, Industry Minister, Sir Henry Marking, British Tourist Authority chairman, and Sir Frederick Page, British Aerospace aircraft group chairman, Royal Lancaster Hotel, London, W2 (until August 28).

WEDNESDAY: Presidential election in South Korea. Display of student projects in industrial,

engineering and automotive design opens, Design Centre, Haymarket, London (until September 24). Department of Employment releases August provisional figures for unemployment and unfilled vacancies.

THURSDAY: Department of Employment publishes July final figures for unemployment and unfilled vacancies. June figures of employment in the

production industries; July figures for stoppages of work due to industrial disputes; June figures for overtime and short-time working in manufacturing industries; June quarter statistics for unemployment, vacancies and placements by occupation. Department of Energy issues details of energy trends.

FRIDAY: Department of Industry publishes in British Business and July final figures for car and commercial vehicle production.



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2 yrs	+¾%	16.07%	11.25%			
1 yr	+½%	15.71%	11.00%			
Years Invested		1st	2nd	3rd	4th	5th and later years
		11.25%	11.00%	10.75%	10.50%	10.25%

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UK COMPANY NEWS

BIDS AND DEALS Flurry of dealings baffles R. Martin

Directors of leading money brokers, R. P. Martin, are baffled by a flurry of trading in the company's shares in the past week originating from Panama.

Yesterday, the company was informed that Tangora Inc., a Panama company, had acquired 658,000 shares, 16.93 per cent of those issued.

Last Friday, another Panama company, Tangora Inc., whose offices are in the same building as Tangora's, sold 413,000 Martin shares, 10 per cent of those issued.

Attempts by Martin directors to discover the identity of the owners of the two Panamanian companies have been in vain so far.

"We are very intrigued," Mr. M. D. Phelan, chairman and managing director of Martin, said yesterday.

On the Monday following the sales by Tangora, Martin published much improved results for the year ended on June 30, showing pre-tax profits up 86 per cent to £710,000. The shares gained 10p to 61p on the day.

Tangora sold its shares, rose another 2p to 62p, and a high following publication of the results on Monday and finished yesterday up at 72p.

"There is no way there could have been a leak," Mr. Phelan said.

Martin first became aware, last June 27, that Tangora had acquired a 10 per cent holding when it received a telex from

Tiny Rowland buys more Lonrho shares

A private company controlled by Mr. Tiny Rowland, chief executive of Lonrho, the international trading conglomerate, has acquired 253m new ordinary shares which were not taken up under Lonrho's recent rights issue.

In addition, Mr. Rowland has acquired another 150,000 new ordinary shares bringing his total stake which he owns or has influence over in Lonrho to 17 per cent. The total deal has cost £24.4m.

The bulk of the rights issue was personally underwritten by Mr. Rowland and received acceptance from shareholders representing 94 per cent. Shares not taken up were placed through the market with the underwriter.

Mr. Rowland has spent £2.3m acquiring the 253m shares at 91.3-92p each, while the 150,000 shares were acquired for £143,000 or 95.6p per share.

In a separate announcement yesterday Lonrho revealed that a conditional agreement approved by shareholders at the last annual meeting in March had become unconditional.

Under this arrangement Lonrho's subsidiary Henderson's Transvaal Estates has exercised its option to acquire from Borman Holdings AG, indirectly owned by Mr. Rowland through a 70 per cent shareholding, the 50 per cent of Nyschere Copper (PVT) which it does not already own at a total consideration of £750,000 in cash.

Nyschere Copper is a wholly-owned subsidiary of FCC Investments in which Lonrho has a 50 per cent interest. The remaining 50 per cent was held by the company indirectly controlled by Mr. Rowland.

Coral's profit collapse as demand falls off

PRE-TAX profits of Coral Leisure Group collapsed from £5.85m to £0.33m in the first half of 1980 and at the attributable level there is a loss of £88,000.

The group, which takes in a betting shop chain, casinos, greyhound stadiums and Pontins holiday centres and hotels, says that the result was particularly hit by a sharp increase in off-season expenses and was also affected by high interest rates and lower consumer spending.

The directors point out that one of the effects of continuing inflation is the increasing requirement for working capital at all peak periods in those businesses, such as holidays and hotels which are subject to seasonal factors.

They say that "due to lack of overall demand, it now seems unlikely that the shortfall largely caused by this increase will be recovered in the second half of the year. And the directors say that this seasonal factor is likely to become more and more important to the group, as presently structured.

Despite lower consumer spending the racing division contributed record profits in the half year but all other activities "for one reason or another have found it difficult to match last year's profits," report the directors.

Turnover in the half year, at £155m, compared with £158m, shows a "comfortable improvement," says Coral. Even if allowance is made for the loss of £10m of turnover in the racing division due to adverse weather conditions, the increase is still some 15 per cent.

The board intends to consider, as in previous years, the payment of an interim dividend early in November. In 1979 the group paid an interim of 3.44p (3p) and the total for the year was up from 6.7p to 7.44p.

	1980	1979
Group turnover	155.0	158.0
Trading profit	4.827	5.850
Interest payable	(4.827)	(5.850)
Pre-tax profit	0.000	0.000
Tax	(0.000)	(0.000)
Net profit	(0.000)	(0.000)
Minority interest	(0.000)	(0.000)
Attributable loss	(0.000)	(0.000)

Concerning the announcement at the AGM that talks were going on with an overseas hotel company for the sale of a controlling interest in Centre Hotels, the directors say that it is hoped to conclude them shortly.

On the revaluation of the group's freehold buildings the directors state that the majority of the work had been completed by the half year. This has enabled the group to estimate that the additional depreciation on buildings, calculated on the

basis of SSAP 12 for the first half of 1980, would be around £1.1m.

Lex Back Page

Benford over £1.5m at midterm

A SUBSTANTIAL and progressive reduction in home and export orders during the last three to four months has led Benford Concrete Machinery to cut production at its principal subsidiary to two days a week.

The directors say that other measures are being adopted by the subsidiary, Benford Ltd., to adjust its economy to the reduced level of activity.

Group taxable profits rose from £1.3m to £1.53m in the six months to June 30, 1980, but the board says that in the circumstances now prevailing the first half results of the main subsidiary, Benford Concrete Machinery, which in 1979 contributed £2.52m to a total pre-tax surplus of £2.99m, are no longer a suitable indicator of group results for the current year.

However, the galvanising division, Walker Brothers, has turned profitably so far and has not yet been adversely affected by the recession, they add.

Turnover in the first half went ahead from £10.58m to £12.57m. Earnings, after tax of £730,000 (£525,000) are shown as 3.28p (2.81p) per 10p share, and the interim dividend is held at 0.875p. Last year's total was 2.63p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding year	Total last year
AI Industrial	Nil	Oct 13	3	0.85
Alliance Trust	3.25	Oct 1	0.88	2.63
Benford Concrete	3.25	Oct 1	0.1	0.1
K. O. Boardman	Nil	Oct 18	0.27	1.27
Penland Inds.	0.35	Oct 13	5.2	9.06
Second Alliance Trst.	0.25	Oct 2	1.19	4.2
Ward Holdings	1.19	Oct 2	1.19	4.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡In March, holders received a one-for-two scrip issue in deferred shares. §Includes 0.55p special non-recurring payment. ¶Includes 0.55p special non-recurring payment.

AI Industrial in loss—no interim

THE DIFFICULTY in competing in most export markets due to the strong pound overseas, coupled with excessive cost escalation and reduced home demand in the current recession, has caused AI Industrial Products to incur losses in the half year to June 30, 1980. No interim dividend is being paid. Last year's net payment was 0.85p, but following second-half losses the 1979 final was omitted.

Trading surplus for the first half dropped from £576,000 to £385,000 and after charging depreciation and finance costs, the group, formerly known as Allied Insulators, incurred a pre-tax loss of £149,000, against profits of £251,000 last time. External sales improved slightly from £10.49m to £10.57m.

The directors comment that in present conditions, it is impracticable to forecast the trading outcome for the second half of the year.

In 1979, a second half loss of £191,000 restricted the group's year-end profits to £60,000 before tax.

The directors say the continuing difficult situation for exporting together with the dearth of home business necessitates further discontinuance and rationalisation of capacity for production on insulators and associated fittings. Plans are therefore proceeding for the closure and ultimate sale of the Stone factory.

Following the recession at home, reductions in numbers employed in the manufacture of low tension products are planned during the second six months.

The costs of implementing these programmes, inclusive of terminal losses are expected to be around £600,000. However, the adverse effect upon cash flow after allowing for the anticipated reduction in working capital

requirements, should be limited to some £350,000.

Proceeds from the sale of the Stone freehold site in the Stone factory, which at June 30, inclusive of bank overdraft, amounted to £33.3m.

After three successive years of falling profits, AI's first half loss came as little surprise. The figures were a far cry from the second half of last year, which included £5.5m of rationalisation and strike costs, so the underlying trend continues to deteriorate. The strong pound may have hit the high tension division, which exports between 70 and 80 per cent of sales, and depressed demand for consumer durables is affecting the low tension operation, but even relief on these fronts will not resolve AI's problems. At yesterday's price of 15p, down 2p and well below par, the group is capitalised at £1.5m on around one-sixth of last year's sales. The sale of the Stone factory is likely to produce a substantial surplus over the book value of £600,000 but the revenue account will have to absorb the bulk of the closure costs in the second half. Further closures cannot be excluded and most obvious candidate at present, looks to be the Bulfers foundry at Tipton.

comment

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S. Pearson paying \$11m for stake in U.S. leisure company

S. Pearson and Son has agreed to buy a 9.5 per cent stake in Cedar Point, a U.S. company that operates two family amusement and recreation centres, for \$11.3m.

Pearson is paying \$36 a share for the 313,615 Cedar Point shares held by PCA, the U.S. television and records group whose tender offer last December for a further 11 per cent of the Cedar Point shares was successfully rebuffed by Cedar Point management.

Mr. Robert L. Munger, chairman of Cedar Point, has welcomed Pearson as a shareholder and said he looked forward to discussing an increase in Pearson's investment on terms which are in the interests of all Cedar Point shareholders.

The company, whose shares are traded over the counter in the U.S., operates two amusement parks in Minnesota and Ohio. In the year ended March 31, 1980, net revenues were \$63.76m and net income \$9.78m. The shares have traded recently at the \$30 level.

Pearson, the diversified publishing, manufacturing and financial group has a stake in the entertainment business through its ownership of Madame Tussaud's and has been increasing its investments in the U.S., notably the purchase of the Manatee publishing group in Florida in June by Pearson Longman subsidiary, Westminster Press, for \$9.6m.

The only other major shareholders in Ratcliffe's capital are the directors, with Mr. F. S. Ratcliffe holding a 17.4 per cent stake and the other directors a further 3.6 per cent stake.

The businesses of the two companies are complementary.

MEETING ON SELANGOR SALE

The shareholders' meeting to approve the sale by Castlefield (Klang) Rubber Estate of the Selangor plantation for development is to be held on September 11.

Documents detailing the transaction, which involves a leading Malaysian property developer, were sent to shareholders yesterday.

PITMAN'S £1.25M PROPERTY SALE

Pitman, publisher, printer, proprietor of colleges, has completed the sale of The New Book Centre, on the North Circular Road, Nassen, for £1.25m.

Following the rationalisation of the distribution division, the property became surplus to the group's requirements. The sale proceeds will be used to reduce bank borrowings.

SHARE STAKES

General Accident Fire and Life Assurance Corporation — The Kuwait Investment Office has acquired a further 148,000 shares and now holds 7.95 per cent.

Hensher (Furniture Trades) — Mr. A. W. Powley has disposed of 35,000 ordinary shares (5.3125 per cent). Homfray—Following the transfer of 70,340 ordinary shares to

a beneficiary under the terms of a family trust, Mr. C. J. Gilliam, director, is interested in 1,767,034 ordinary (11.45 per cent). Mr. H. J. H. Gilliam is interested in 1,093,393 ordinary—Mr. G. S. Haigh, director, has acquired 30,000 ordinary.

Wagon Industrial Holdings

Mr. J. F. Finlator, having made various disposals, now holds 680,446 shares.

Dualvest—The Merchant Navy Officers' Pension Fund

has acquired a further 10,000 capital shares and now hold 6.1 per cent of that class.

PETROCON TO SELL HAM BAKER

Petrocon Group is to sell its wholly-owned subsidiary, Ham Baker and Co. to Blawert Shellabear for £1.05m.

Of the consideration, £800,000 is payable in cash on completion and the balance of £250,000 in two equal instalments after two and three years. In addition, Blawert will repay amounts due to Petrocon which at June 30, 1980, amounted to £258,014.

Ham Baker, which manufactures valves and penstocks for the water and sewage treatment industries, turned in pre-tax profits of £291,192 in 1979.

Net tangible assets amounted to £1.244m. Unaudited management accounts for the first six months of 1980 indicated profits before tax of £86,879 after charging exceptional items of £33,618.

Petrocon will use the proceeds internally to reduce short-term borrowings, and when suitable opportunities occur, to expand in oil-related industries.

Manufacturing problems force K. Boardman to omit final

AN UPSURGE of £1.22m in extraordinary charges arising from the decision to close his manufacturing subsidiaries and left K. O. Boardman International, the clothing group, with an attributable loss of £1.44m for the year ended March 31, 1980, compared with a profit of £86,500. The final dividend is being omitted, leaving the interim of 0.1p net per share to compare with the previous year's 0.5p total.

Substantial losses in the manufacturing subsidiaries have arisen from the unprecedented trading conditions in the textile industry and this led to the board's decision towards the end of the 1979-1980 year to close these units in order to eliminate continuing losses.

The planned closure will result in the cessation of production in the last of these subsidiaries by September, 1980.

Trading losses incurred prior to the closure of divisions have principally to garment importing and wholesaling and printing. All continuing subsidiaries traded profitably during last year.

emerged at £243,653 for the year, against £79,420 previously. In the first half, there was a turnover of £724,797 and a taxable profit of £126,000.

There was a tax charge for the year of £21,766 (£16,018 credit) and stated earnings per 5p share fell from 2.37p to 0.96p.

The bulk of the extraordinary charges, which jumped from £0.44m to £1.65m, was a provision of £1m for further closure costs. Other items were a loss of £449,341 on the closure of Wm. Stenbridge and Sons, which was in excess of the provisions made last year, trading losses of £57,579 incurred after the closure decision and £154,302 goodwill written off.

The directors say they intend to resume dividend payments this year, provided there is no further deterioration in trading conditions and closure losses are restricted within the provisions now made.

The group is now restricted principally to garment importing and wholesaling and printing. All continuing subsidiaries traded profitably during last year.

and the group is trading at a profit in the current year.

Trading profits for 1979-80 improved from £724,797 to £741,717, which included £150,752 (£17,476) in respect of pensions and property disposal surpluses.

Receiver appointed at Alumcast

Mr. Fred Marsk, a Peat, Marwick, Mitchell Nottingham partner, has been appointed receiver and manager of Alumcast Foundries.

The Nottingham based company, which employs 35 people, makes aluminium castings for fans and other industrial uses.

YORKS. CHEMICALS

A board meeting of Yorkshire Chemicals in consideration the interim dividend will be held on August 28.

Hallam Sleigh loss accelerates

The loss incurred by Hallam, Sleigh and Cheston in the second half of its last financial year has accelerated in the current year.

In the six months to March 31, 1980, the general engineering concern made a taxable loss of £78,000, compared to a profit of £15,000 for the corresponding period last time—despite sales rising from £2.8m to £3.06m.

For the whole of last year, the company reported a loss of £29,141 against a profit of £157,944.

The directors point out that the loss this time was struck after providing £300,000 for early retirement and redundancy payments. They were made in order to reduce the operating costs of the company by over £300,000 per annum.

With this reduction in operating costs and the introduction of new products, the group is now in a position to expand, especially assisted by only a small upturn in its marketplaces, the directors add.

There is again no interim

dividend. Consideration will be given to paying a final if a point is earned in the second half.

A small loss on trading has been incurred in the quarter to June.

Budgets for the quarter to September indicate that a profit on sales should be earned, but not enough to bring the company back into profit for the whole of the year.

In the divisions supplying the electronics industry, orders for goods supplied for defence applications have increased—offsetting the downturn in demand in other areas.

Demand for products from Widney Engineering has been substantially reduced, mainly as a result of stockpiling. But this has been slightly cushioned by a sustained demand from bus manufacturers for products from the Widney division.

Widney Engineering has received new business worth over £400,000 a year for truck hatches, bus and coach drivers' pedestal seats and specialised commercial vehicle locks.

Better trend at Yelverton

The directors of Yelverton Investments say the company is trading profitably and they are confident that the results for the year ending October 31, 1980, will show significant progress.

They add that their efforts to improve the company's situation are finally beginning to bear some fruit and hope that shareholders retain their interests in the company in order to obtain whatever benefits may accrue from its improving status in future.

Cavenham's £7m advance

ALTHOUGH profits in the second period fell from £21.05m to £15.52m, the taxable surplus of £2.6m, the subsidiary of General Occidentale SA, finished the March 29, 1980, year over £7m ahead at £42.62m against £35.55m. Sales for the full period expanded from £1.88m to £2.31m.

The current year has started reasonably well, but the directors say that later in the year the company must expect some repercussions from the world economic climate.

Sir James Goldsmith, in his last speech as chairman, says that since the sale of the company, which since formation has developed interests in both food retailing and manufacturing, has started to put into effect a growth in its strategy.

The food retailing side has grown faster over the year. Last year it contributed 93 per cent and 79 per cent to turnover and trading profits respectively—and the disequilibrium was

Gibbs and Dandy falls

TAXABLE profits of Gibbs and Dandy, builders' merchant, ironmonger and electrical wholesaler, fell back in the first six months of 1980 to £17,722, compared with £21,080 in the corresponding period last year.

Tax takes £90,900 (£108,877) leaving net profits of £86,822 (£102,387). Earnings per 10p share are shown down from 1.25p to 1p.

For the whole of 1979, there were pre-tax profits of £380,721 (£473,944), and an annual dividend of 1.25p net was paid. Turnover in the first half expanded from £6.14m to £7.44m.

Michael Ashcroft refused seat on Pritchard board

THE BOARD of Pritchard Servestment company, to 20.1 per cent, has rejected a request by Michael Ashcroft, chairman of Provincial Ltd., for a seat on the Pritchard board.

Mr. Ashcroft, whose company's main business is in contract laundry and cleaning work, sought board representation for Pritchard following the acquisition of an 8.85 per cent stake in Pritchard through a celebrated £4m "down raid" last month.

The lightning purchase of the shares brought the combined stake of Provincial and Michael Ashcroft Holdings, a private in-

vestment, to 20.1 per cent.

Mr. Peter Pritchard, chairman of Pritchard Services Group, said of the decision yesterday that "while we have no objection to Mr. Ashcroft personally as a prospective director of the company, we as a board have a responsibility to protect the interests of all our shareholders both large and small and more than 35,000 employees worldwide."

He added that Mr. Ashcroft had "offered a number of assurances to the board regarding his future intentions," but he stressed "the fact remains that some conflict of interest may well arise between our respective companies."

increasing as a result of recent acquisitions; J. Weingarten of £2.6m (£2.75m), but were after associated with £2.6m (£2.75m) (£59,000) and interest charges of £59,77m against £2.9m.

Net profits came out at £31.5m (£26.14m) after tax, up from £26.14m to £11.2m.

There were minority losses of £61,000 (£133,000 profits) and an extraordinary debit last time of £849,000.

Results due next week

£15.5m assets for new oil combine

THE PROPOSED merger of Cambridge Royalty Company, Cambridge Petroleum Royalties and Petroleum Royalties of Ireland would produce a company with combined net assets of £36.8m (£15.5m), according to the scheme of arrangement between the companies.

Under the scheme, shareholders in CPRIL will receive one CRC share of \$1 par value for every two CPRIL shares held. The terms of the agreement have been based on both the relative

market value and the estimated asset value of the two companies.

An independent assessment by DeGoyier and MacNaughton, petroleum engineers, value the oil and gas interests of CPRIL at \$12.57m and those of PRIL at \$11.23m. The other assets of the companies are predominantly inter-company holdings. The merger agreement also envisages the exchange of 0.62495 CRC shares for each PRIL share.

Explaining the reasons for the merger, Mr. Patrick Dean, CPR's chairman, said that CPRIL and CRC have had to agree among themselves certain restraints and priorities in the acquisition of royalties, which was not in the longer term interests of either sets of shareholders.

He said that the abolition of exchange controls in October last year allowed the three companies to consider a merger. The scheme of arrangement between CRC and CPRIL will be put to an extraordinary meeting on October 24.

The increase might be to £17m despite indications of serious stockpiling in the building materials sector in the second quarter. Demand for titanium is rising, high in the aircraft industry, and zip fasteners should have turned to profit following installation of new manufacturing technology. The outlook for the rest of the year is mixed, but a small increase in last year's 1.9p interim dividend is expected.

Next week's batch of companies reporting will also include interim results from Slough Estates and Ladbroke on Wednesday and from Alean Aluminium (UK) on Friday.

Results due next week

The only debate about ICI's second quarter results, which are to be published on Thursday, is over how much worse they will be than the trend of the previous four quarters. Estimates of pre-tax profit range widely from £85m to £120m compared to £182m in the first quarter. Major U.S. and German chemical companies have already reported poor second quarter results and ICI too has been hit by squeezed margins in petrochemicals and plastics and a deterioration in fibre trading. Last year's interim dividend of 12p is probably not covered on a CCA basis and trading prospects for the rest of the year look grim so an

increase in dividend may be too much to hope for.

Profits of between £47m and £50m are expected from Associated Dyes, which announces its preliminary figures on Wednesday. The group made £41m in the previous year, since when it has expanded floor space by around 12 per cent and picked up an extra 2 per cent of the dry goods market. Its price-cutting campaign will have trimmed margins on some ranges, however, and furniture sales will have been very dull. Allied Carpets, by contrast, is expected to produce good figures.

Analysts are expecting pre-tax profits of between £26m and

£30m from Blue Circle Industries, which produce intermetallics on Wednesday. The group made £20.6m last year but has since had the benefit of cement price rises within the UK. The sale of the Genstar holding will have improved the cash position and foreign interest will also be up, with South Africa having already reported most doubled profits for the half. Results from Mexico will also be better and Chile should make a significant contribution for the first time.

FMI, which reveals its interim results on Tuesday, should show a significant gain in pre-tax profit over last year's strike-hit £13.6m.

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M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB		Telephone 01-621 1212	
1979-80	Company	Price	Change
High	Low		
89	21 Airsprung	52	-
170	32 Airsprung and Rhodes	21	-
100	74 County Cms 10.7 P. 71	74	-
101	83 Deborah Ord	98	-
125	88 Frank Horrell	125	-
129	88 Frank Horrell	125	-
158	88 Frank Horrell	125	-
164	45 Jackson Group	83	-
163	103 James Burrough	122	-
305	242 Robert Jenks	205	-
232	175 Thord	220	-
90	70 Twinklark Ord	13	-
56	23 Twinklark Ord	48	-
50	45 Unilock Holdings New	48	-

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Allegheny Ludlum of the U.S. is prepared to make an alternative offer to its original terms of 187p per share cash for Wilkinson Match. Under the new offer, ordinary shareholders will be offered the opportunity of electing for 187p nominal of 11 per cent loan notes of Allegheny.

Thomas Tilling continued its rapid U.S. expansion with the proposed acquisition of engineering concern Winfred M. Berg of New York for \$8m (£3.4m).

Progressive Securities Investment Trust received an approach from an unnamed source which may lead to an offer for the company.

Great Universal Stores is to acquire all 170,000 agents and debt together with trading names of John Myers, the unprofitable mail order subsidiary of UDS. The purchase price, yet to be decided, could be in the region of £15m.

Company bid for	Value of bid per share** price**	Market price**	Price before bid	Value of bid per share** price**	Market price**	Price before bid	Bidder	Final Acct'ce date
B & Q (Retail)	85*	80	66	1.56	F. W. W. W. W.	—	—	—
Bio-Kill	150*	142	100††	1.50	Laportie	—	—	—
Christy Bros.††	30*	39	33	0.60	Simon and Coates	—	—	—
Corn Exchange	52½	51	47	11.68	British Land	—	—	—
County and Dist. Props.	180*	184	195	16.35	—	—	—	—
Hay's Wharfedale	250*	247	273	53.74	Costain Kuwait Inv. Office	—	—	—
Hensher	102*	103†	78	1.63	Tebbitt	27/6	—	—
Hensher 'A'	98*	101	75	3.17	Tebbitt	—	—	—

* Prices in pence unless otherwise indicated. ** Estimated. †† Unconditional. ‡ Ordinary share alternative.

Company bid for	Value of bid per share** price**	Market price**	Price before bid	Value of bid per share** price**	Market price**	Price before bid	Bidder	Final Acct'ce date
Kayser Boudier Ltdstone	100*	16	56	0.57	Courtaulds	—	—	—
Macanick (Lond.)	30*	30	23	0.38	Exchange	—	—	—
Manvion Ltd	39*	55	33	3.54	Hong Leong	—	—	—
Marshall Cyndish	31*	31	27	4.80	Times Publg.	—	—	—
Nationwide Leisure	6*	71	9	0.66	—	—	—	—
Revolux	47½	46	44	6.89	Yule Catto	—	—	—
Rex-Royce††	67½	64	56	39.89	Vickers	—	—	—
RTD	51*	9	64	0.12	Simon and Coates	—	—	—
Selection Trust	112†	121	121	405.15	BP	—	—	—
UK Props.	58	54	471	24.33	British Land	28/6	—	—
Wilkinson Match	187*	176	160††	29.73	Allegheny	—	—	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ** Based on which scheme is expected to become operative. †† At suspension. ‡† Estimated. § Shares and cash. ¶ Unconditional. ‡ Ordinary share alternative.

Offers for sale, placings and introductions

Shackleton Petroleum—Has raised £310.5m through the placing of no-par shares at 51p.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Ass. British Etc.	March	2,670	(1.740)	—
Bogdan-Petrop	March	358	(4.27)	—
Capital & Natl.	July	1,119	(781)	7.38 (5.15)
County & District	Mar.	721	(635)	4.81 (4.32)
Dale Electric	April	1,300	(3,300)	4.03 (12.34)
Denbyware	Mar.	804	(988)	4.65 (9.07)
Geoffrey	March	922	(559)	0.728 (0.906)
Heath (S.)	Mar.	406	(202)	—
Herrburger Brks.	May	398	(270)	—
Jos Holdings	July	280	(189)	3.87 (2.71)
Kenney Smale	Mar.	700	(674)	12.16 (7.74)
Mario (R. P.)	June	978	(524)	11.52 (3.66)
Meat Trade Spirs.	April	483	(333)	—
Norran Tea Hldgs.	Dec.	100	(11)	—
Press Tools	April	418	(346)	10.05 (6.72)
Pullman	April	2,310	(1,530)	13.0 (8.88)
Reliance Kallw.	April	228	(350)	6.45 (5.66)
Restmor	April	1,560	(1,210)	36.65 (23.96)
Saville Gordon	April	1,610	(1,450)	12.1 (12.0)
SEEL	April	1,400	(1,310)	18.45 (17.54)
Stewart Nairn	March	15	(10)	0.27 (1.16)
Vibroplant	Mar.	830	(3,170)	48.5 (23.83)
Worthington	Mar.	32	(213)	3.0 (5.96)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Alexanders Hldgs.	Mar.	199	(168)
American Tst.Co.	June	1,630	(1,340)
Barclays Bank	June	279,100	(248,000)
Baynes (C.)	June	209	(211)
Blagden & Noakes	June	2,100	(2,520)
Bridstone Inv. Tst.	June	473	(421)
Bridgewater Ests.	June	467	(354)
Clay (R.)	June	310	(340)
Conder	June	334	(1,210)
Dufay	June	78	(208)
First Scot Am Tst	Aug.	1,050	(614)
Gaskell Broadm.	June	314	(532)
Inter. Inv. Tst.	July	1,160	(915)
Janss. Gp. Chrs.	June	1,740	(1,560)
L.A.S.M.O.	June	20,360	(2,500)
London Brick	June	7,200	(3,070)
Needlers	June	70	(165)
Ocean Transport	June	18,700	(6,800)
Royal Insurance	June	62,400	(57,000)
Sharpe (W. N.)	June	2,140	(2,060)
Smith & Newpew	June	10,560	(10,040)
United Glass	June	14	(3,350)
Whittingham W.	April	752	(608)
Woodhouse & Rssn.	June	396	(274)

Rights Issues

M L Holdings—One for three at 240p to raise £2m.

(Figures in parentheses are for corresponding period)

* Dividend will be declared in October

Second Alliance increases dividend

REVENUE, after tax, of Second Alliance Trust Company expanded by 39 per cent from £1.41m to £1.96m for the year ended July 31, 1980, and the dividend total, which includes 0.56p arrears of dividend receipts, is lifted to 9.06p against 7.2p, with a net final of 6.52p.

The directors say they intend to at least maintain the total at 8.5p in the current year.

Gross revenue amounted to £3.44m compared with £2.53m and earnings per 25p share rose from 10.1p (7.21p), including arrears of dividend receipts, and 9.54p excluding the same.

With prior charges at par net asset value is given as 268.7p (229.3p), as at July 31. There was a net investment of £2.5m of cash resources during the year, half in the U.S. and the other in Japan, the directors state — a U.S.\$8m loan facility was arranged in July to pursue the trust's policy of overseas investment as opportunities arise, they add.

Oil and energy sectors contributed particularly to the 17 per cent increase in net asset value, and directors say some substantial profits have been taken.

The company has a continuing direct commitment to North Sea oil exploration through City Oil Corporation, which will be participating in the Seventh Round of licences in a consortium led by Union Oil of California.

The net interim dividend of Alliance Trust Co. is stepped up from 3p to 3.25p per 25p share for the year to January 31, 1981.

Last year's total was 10p and included 0.65p arrears of dividend. As at July 31, earnings per share, excluding the arrears payment, are shown as 11p compared with 9.68p, and net asset value is given as 313.5p (279.5p at January 31, 1980), which excludes oil and mineral properties recently valued at £1m—prior charges at par.

OIL AND ASSOC.

The chairman of Oil and Associated Investment Trust, Mr. A. S. W. Joseph, said at the annual meeting that prospects for the future of the trust would appear reasonably bright, barring unforeseen developments. Net asset value per share at June 30, 1980, was 112p, compared with a mid-market price then of 88p. This represented increases of 32 per cent and 24 per cent respectively over the previous year.

WITAN INVEST. CONVERSION

Holdings of £1,487,500 nominal of Witan Investment Company's 8 per cent convertible debenture stock 1996-99 have exercised their right to convert, at September 1, 1980 £25 of each £100 of the stock into 20 fully paid ordinary 25p shares.

The £813,500 nominal of the stock outstanding will be redenominated 8 per cent debenture stock 1996-99 as at the conversion date.

Satisfactory progress at Lennons

Mr. D. P. Lennon, chairman of supermarket group Lennons, told shareholders at yesterday's annual meeting that despite increased overheads and reduced spending power, preliminary results of the management accounts for the 13 weeks of the current financial year revealed an entirely satisfactory state of affairs with improved margins. Unlike previous years, the group would not be faced with a November wage increase, he said, and as usual, it would expect the bulk of profit from its wines and spirits subsidiaries to arise from the Christmas trading period.

The combination of these two factors was expected to enhance the second half performance. But he was not prepared to make any forecast as to the eventual outcome of the year as a whole. He said: "I have no reason to alter my statement in my annual report when I said another successful year is in prospect."

On August 5 the company opened a new supermarket at Stockland Green, Birmingham, and the chairman said initial indications were that it would make a useful contribution to the profitability of the food division.

The opening of the Denton, Manchester, supermarket was scheduled for October 7 and this, too, would make its contribution, he added.

Since the end of the financial year, a new off-licence had been opened in Solihull and the company was currently in the advanced stages of negotiating the purchases of seven wine and spirit stores in Yorkshire which Mr. Lennon hoped would be operating in time to take advantage of the Christmas trade.

The Association of Investment Trust Companies

as at close of business on Monday 18th August 1980

THE INVESTMENT TRUST TABLE

Geographical Spread at 31st July 1980

Company	Share Price (pence)	Yield (%)	Net Asset Value (pence)	UK (%)	Nth. Amer. (%)	Japan (%)	Other (%)	Total Return on N.A.V. over 5 years to 31.7.80 (base = 100)
168 VALUATION MONTHLY	237	6.0	323	65	26	4	5	182
142 Alliance Trust	182	6.2	220	73	21	5	1	+
15 Grange Trust	106	4.5	138	73	21	1	5	220
82 Great Northern Invest. Trust	126	6.8	166	80	8	1	11	214
89 Investors Capital Trust	136	4.6	127	51	34	6	9	101
14 Jardine Japan Invest. Trust	106	1.6	116	7	80	13	10	101
23 River & General Invest. Trust	219	6.2	286	7	5	16	16	269
14 Save & Prosper Linked Invest. Trust	81	—	185	100	—	—	—	264
152 Scottish Invest. Trust	115	5.3	158	156	29	4	11	191
73 Scottish Northern Invest. Trust	101	4.5	127	72	25	—	3	260
125 Scottish United Investors	76	4.3	98	38	36	6	20	195
56 Second Alliance Trust	206	5.6	277	65	26	4	5	180
4 Shires Investment Co.	142	11.0	159	100	—	—	—	231
95 United States Debenture Corp.	102	6.7	185	72	28	—	—	184
134 Baillie Gifford & Co.	128	5.8	175	49	36	6	9	179
68 Scottish Mortgage & Trust	61	5.3	81	49	35	5	11	184
18 Monks Invest. Trust	262	4.7	347	46	39	5	10	196
50 Baring Bros & Co. Ltd.	71ac	5.4	83ac	70	13	2	15	218
30 Outwich Invest. Trust	89	3.5	114	50	21	5	24	177
68 Tribune Invest. Trust	115	6.6	157	81	17	—	2	+
72 Aberdeen Trust	58	*4.6	76	61	35	2	1	216
12 Edinburgh Fund Managers Ltd.	173	2.1	178	72	19	4	5	229
16 American Trust	53	6.8	72	75	14	1	10	189
10 Crescent Japan Invest. Trust	323	7.5	436	70	12	9	16	232
86 General Scottish Trust	145	7.1	181	70	18	1	1	+
352 Western Invest. Co.	116	9.2	142	93	5	—	2	+
42 Temple Bar Invest. Trust	144	4.7	191	63	12	2	24	245
29 F & C Group	127	4.7	175	62	12	2	24	245
6 Cardinal Invest. Trust	52	3.3	65	29	2	—	69	+
235 P & C Eurotrust	107	4.3	148	61	19	9	11	209
39 Foreign & Colonial Invest. Trust	164	4.8	222	59	12	2	27	241
24 General Investors & Trustees	112	1.6	137	38	20	14	28	291
10 GT Management Ltd.	196	4.4	190	9	4	72	15	+
16 Berry Trust	172	3.7	240	47	18	10	25	239
9 GT Japan Invest. Trust	258	0.3	380	93	3	—	4	+
30 Northern Securities Trust	58	5.4	81	63	25	1	11	206
35 Anglo-Scottish Invest. Trust	57	*4.3	77	63	16	1	20	229
9 English & Scottish Investors	60	4.5	120	60	26	4	10	281
13 Group Investors	90	1.6	121	51	19	1	29	189
27 London & Carlisle Invest. Trust	43ac	5.5	58ac	51	28	—	21	218
14 London & Lennons Invest. Trust	91	5.7	126	76	20	—	4	228
18 London & Strathclyde Trust	64	4.3	82	65	18	—	17	207
9 Meldrum Invest. Trust	69	6.2	87	97	—	—	3	276
90 Gartmore Invest. (Scotland) Ltd.	189	3.8	260	63	21	2	14	215
23 Scottish National Trust	133	3.8	190	68	25	—	7	216
102 Glasgow Stockholders Trust	71	4.7	99	63	18	9	10	203
15 John Gove & Co. Ltd.	138	3.2	203	61	33	6	11	212
76 Border & Southern Stockholders Trust	117	4.4	159	62	18	8	12	206
78 General Stockholders Invest. Trust	117	3.8	161	46	42	7	5	198
29 Hambro Group	240	5.1	338	70	23	1	6	232
6 Hambro Invest. Trust	100	7.8	129	100	—	—	—	296
59 City of Oxford Invest. Trust	141	5.1	201	107	28	—	5	241
7 Rosediamond Invest. Trust	111	—	162	99	—	—	1	189
140 Henderson Administration Ltd.	113	4.4	154	59	24	13	4	229
25 Wilan Investment Co.	96	3.4	135	59	29	5	7	183
7 Electric & General Invest. Co.	124	2.3	168	49	21	8	22	227
7 Greenfriar Invest. Co.	70	7.3	89	92	—	1	7	243
13 Philip Hill (Management) Ltd.	177	6.9	229	77	18	—	5	237
28 General & Commercial Invest. Trust	106	7.8	141	80	17	—	3	240
152 General Consolidated Invest. Trust	113	6.9	147	82	15	—	3	237
41 Philip Hill Invest. Trust	144	6.3	143	90	7	—	3	310
54 Mortgage Invest. Co.	80	6.9	106	73	23	1	3	195
71 Nineteen Twenty-Eight Invest. Trust	96	6.7	169	85	8	—	7	+
13 Industrial & Commercial Fin. Corp.	118	5.1	118	98	2	—	—	+
8 London Atlantic Invest. Trust	145	*5.7	—	72	15	4	9	204
15 Investment Trust Services Ltd.	119	6.5	149	99	1	—	—	276
15 Claverhouse Invest. Trust	114	7.2	145	108	—	—	—	276
70 Crossfriars Trust	95	5.8	135	83	8	4	5	206
41 Guardian Invest. Trust	132	5.5	185	70	17	4	9	206
29 London & Holyrood Trust	215	5.1	302	65	20	5	10	203
54 London & Provincial Invest. Trust	125	6.5	172	65	21	4	10	197
121 Mercantile Invest. Trust	56	6.5	74	61	24	3	12	209
46 Sterling Trust	121	4.8	164	66	29	3	2	196
33 Technology Invest. Trust	142	6.6						

Companies and Markets

WORLD STOCK MARKETS

Early 8.62 rise on Wall St.

BROADLY HIGHER levels were again recorded in heavy trading on Wall Street yesterday, buoyed by encouraging news on the inflation and heavy industrial demand.

By pm the Dow Jones Industrial Average was up a further 8.62 to 863.65, reducing its net loss on the week to 3.07, while the NYSE All Common Index, at 772.53, rose 76 cents on the day and also a net 76 cents on the week.

Advances led declines by a five-to-two majority, while the trading volume further expanded 7.5 million shares to 45m compared with 1.75m.

The Consumer Price Index was unchanged in July; the first time in more than 13 years the index did not show an increase.

But Presidential Inflation Adviser Alfred Kahn said he was not ready to declare victory over inflation.

Citibank and a few other major banks raised their Prime Rates to 11 1/2 per cent from 11 per cent, joining Chase Manhattan.

Among the best gainers were Oil and Gas, Computer and Defense issues. Active Treasury issues, which earlier this week spurred a takeover initiative by Diamond Shamrock, gained \$1 to \$3.11.

It said it is working with an affiliate of a Venezuelan firm on a plan of arrangement for its 37 per cent owned bankrupt Commonwealth Oil Refining affiliate.

Cities Service, which Thursday could not explain a sharp rise in its share price, added \$1.50 in active trading. El Paso rose \$1 to \$24. Phillips Petroleum \$1 to \$42. Texaco \$1 to \$38. Exxon \$1 to \$72.

Petroleum jumped \$2 to \$28 and General American Oil of Texas \$4 to \$7.71.

Active Esmark rose \$2 to \$57 - it has acceptable bids for three of its energy subsidiaries and plans to tender for 12m of its.

Closing prices for North America were not available for this edition.

Germany

Share prices closed lightly mixed in quiet pre-weekend trading.

Dealers said markets hadn't seemed to react to Thursday's decision by Bundesbank to lower Bank Minimum Reserves by 10 per cent.

Market sources believed that the reaction may become more apparent next week when trading resumes more normal volume.

Banks posted moderate technical falls after sharp gains scored Thursday in anticipation of Bundesbank credit-easing measures.

Several Stores showed sizeable gains.

Deutsche Texaco rose Dm 31 to 541 after Thursday's fall.

In Options Trading Calls of Mannesmann, Chrysler, Bosch and BASF got most interest in slightly higher turnover.

Hong Kong

Share prices advanced on a broad front in very active trading.

The Hang Seng Index gained 150 to 2,132 - its highest since March 2, 1973, when it registered 1,234.05.

Prices opened sharply higher and strengthened further in the morning, but eased from the best when rumours of the American hostages held in Iran had been killed.

That story, reported by a Lebanese radio station, was later denied by the Iranian Foreign Ministry.

HSK to HK\$144 - it announced an increased interim dividend after hours.

Non-Ferrous Metals reflected a rise in International market prices.

Investors also bought Trading Houses as they would benefit from the recent cut in official Discount Rate.

Steels and Heavy Electricals

continued to set under peaks.

Oils, largely overlooked in record trading earlier in the week, featured a 9 cent rise in Woodside to \$43.10, while Harrogate, which has doubled its gas reserve estimates, rose 39 cents to \$55.50.

Gold also strengthened and Central Norseman improved 40 cents to \$12, but several leading Metals attracted profit-taking.

Queensland Mines shed 10 cents to \$55.90.

Interest remained high in Ashton Mining, up 5 cents to \$35.25. Kathleen Investments rose 30 cents to \$27, and Cannonwood Holdings 10 cents to \$33.30.

A Stock Exchange inquiry tag was placed upon small diamond hopefuls, when it jumped 16 cents to \$21 during the morning session.

Peko and EMI were strong following their agreement with Japan and West Germany to supply the countries with Yellow cake valued at A\$20m from the Ranger Uranium project.

Ferrovial continued to attract foreign support and hit a new peak of \$47.50 during the morning session.

News that the Telefonos de Mexico merger has been called off came after the close but took 2 cents to \$31.90, while Hooker led a pack of \$47.50 to \$48.10.

ASX 25 following the house issue and higher profit.

Johannesburg

Most sectors were trendless, ahead of the British holiday on Monday and expectations of an important announcement on the African interest rates when the Reserve Bank delivers its annual review next Tuesday.

Paris

French shares ended the week on a firm note, largely reflecting buying for the new monthly Account Trading, which fairly active with a few sharp one over declines.

CANADA

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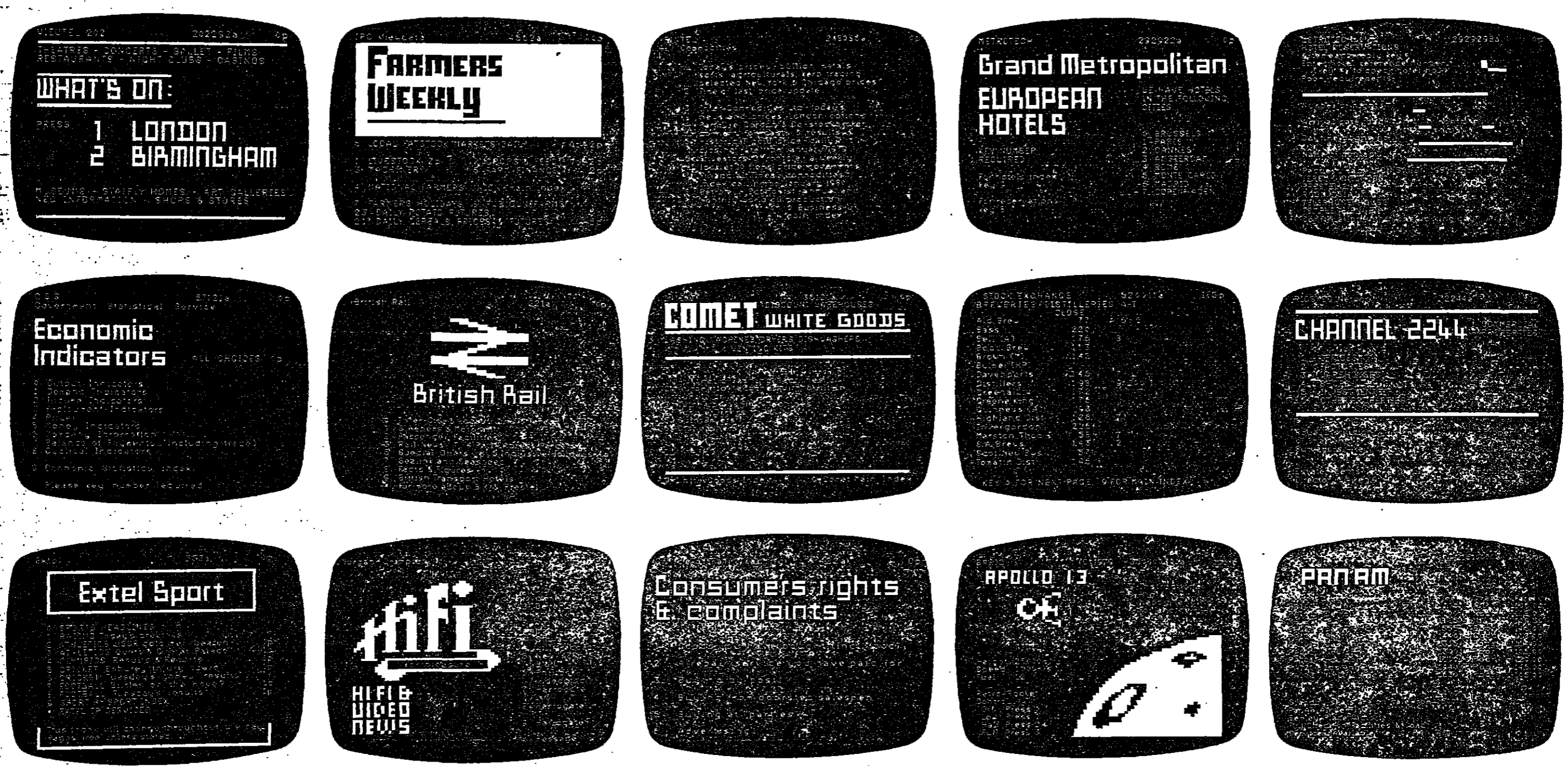
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FINANCIAL TIMES SURVEY

Saturday August 23 1980

Consumer Electronics

It is easy to dismiss new domestic technology as simply a plaything of modern humanity. But the impact of consumer electronics on employment, leisure and politics is already vast—and, technically, these are still very early days.



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The range of information that's instantly available on Prestel is immense. In fact it would be impossible to even list its index on this page. At this moment there are more than 150,000 pages on Prestel. They are updated and added to continuously by over 300 independent Information Providers. Information Providers like British Airways and Pan Am. They tell Prestel of their seat prices and flight departures. Prestel can tell you what documents, visas and jobs you'll need to enter a country. It can even take your hotel booking.

Back home, Prestel has comprehensive information to help everyone from accountants to farmers. It's even linked to the Stock Exchange computer. But Prestel isn't all work and no play. It can tell you what's on at the theatre and where to eat afterwards. And Prestel can give you the latest scores and results at major sporting events throughout Britain. If you fancy a flutter Prestel has the latest odds and hottest tips. And if they don't come in, Prestel has a repertoire of games to cheer you up.

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CONSUMER ELECTRONICS II

A vast array of new gadgetry

WHEN THOSE first transistor radios became such conversation pieces in the late fifties we little realised that they presaged a tidal wave of domestic new technology.

Today's family may well wake to the gentle sounds of Radio Three at a time programmed the night before: a micro-hi-fi system bursts into life in a teenage room, blaring rock music with the power of a minor discotheque; the computerised washing machine slurps into action; holiday snaps (taken with the camera which senses all necessary adjustments) come plopping through the letter box; electronic starting brings the car to life and its quartz clock reminds the driver of the time; last minute homework is checked by pocket calculator with more power than a forties computer; and the headlines are read off Ceefax-tv.

Today's suburban family has more muscle at its disposal than many a Victorian m'lord with his army of domestic staff. Electricity provided that muscle—now electronics are increasingly providing new ways of harnessing it.

It is easy to dismiss domestic new technology as simply a plaything of modern humanity. However, its impact on employment, leisure and politics is vast. Today's ease of communication has changed attitudes towards politicians, for example. The present emphasis on quartz watches is making an army of independent watch repairers redundant. Today's family is increasingly freed from domestic chores.

Although much of the current emphasis of domestic technology has been in the fields of entertainment and leisure, the ability of the consumer to move into areas of heavier equipment is one which is provoking both fascination and, politically at least, concern.

The contortions of the British Government over the introduction of Citizens Band radio is a classic example, and one which is almost certain to be repeated with cable television. A series of UK governments have been extremely reluctant to allow its

population access to the airwaves enjoyed by a great many other western, and some eastern countries.

Traditional control over all forms of broadcasting will be released with a depth of regret bordering on alarm. Thus, after years of delay, a frequency is offered for CB radio, which is, at best, an awkward one to use.

Governmental attitudes towards cable television have similarly been typified by delay and indecision, free market arguments being countered with lofty calls for "getting it right." It is, however, in cable television, probably allied to satellite transmissions, where consumer technology is poised to make a vast leap forward. It may seem a long way off, but remember that only 20 years ago most of our radios and TV sets still had valves.

Varied services

And yet CB radio and access to a larger range of information and entertainment via cable television and satellites between them only form the tip of the electronic iceberg, as far as the future is concerned. The modest television set in the corner of the living room already provides access to a variety of teletext services and is about to offer much more. The domestic computer market is displaying remarkable growth, giving the consumer the ability to carry out complex mathematical tasks in his own home and also offering the prospect of accessing more sophisticated sources for further information and services.

The pace of change has caught Government and regulatory agencies on the hop. Part of the reason for a relaxation of Post Office control over domestic equipment is simply the fact that no one group can now monitor the flood of services which are available and are likely to be so in the future.

There is no escaping from the fact that the array of electronic gadgetry which is on

sale provides an Aladdin's cave of temptation. It may be that the Chromatic Melody 24 door-chime which not only announces visitors with a selection from 24 melodies—perhaps "Gonna along without you now" for the taxman and "River stay away from my door" for that long-awaited plumber—is not your cup of tea, even if it can vary in both volume and tempo. But what about a £200 mini-television set with built-in radio alarm and world-wide tuning capability?

Temptation is, of course, very much part of the electronic marketing game. In the good old days, mechanical and electrical devices tended to wear out. Today, the failure rate of electronic products is only slight, in comparison. The result is that there is constant pressure on manufacturers to up-grade and re-design, encouraging consumers to trade up, rather than simply replace something which does not work any more.

A striking example of this is television. The very reliability of today's television sets is helping to dampen demand for the basic rental set. Rental companies are therefore eager to grasp new technology, and high investment technology, which they hope will attract customers renting, not because they are worried about reliability, but are instead worried about the pace of change.

From the consumer's point of view there is the awful problem of knowing what changes are actually useful and what are gimmicks: what prices are reasonable and which will come tumbling down; and what technology is likely to remain and what is likely to be abandoned.

In some fields, the decision may be easy—since I do not want dates, alarms or calculators on my watch I assume that my quartz analogue, but classic design model will be just as useful in 30 years' time as it was two years ago when I bought it. But in other areas, it is more tricky. The arguments over standardising quadraphony finally filled the whole thing off, thus leaving many



The hi-fi price war has meant that the customer is almost overwhelmed by the choice of bargains and special offers on display. Above: a corner of one of Laskys' 44 specialist hi-fi and video centres in the UK

consumers with useless equipment, and now similar disputes are threatening the development of video-cassettes and video-disc growth.

Fortunes will be made, and even greater fortunes lost no doubt, in these battles and it may be best for the consumer to steer clear for a while until the dust of battle starts to settle somewhat.

Big temptation

In some areas, however, the temptation is likely to be far too strong. Micro-technology is now showing itself in fairly commonplace pieces of equipment, vastly increasing their flexibility and making them hard to resist. In few areas has the invasion of this new technology been more obvious than in cameras. Relatively inexpensive single lens reflex equipment today has a remarkable range of electronic power attached in order to make much of the guesswork out of the snap-taking game.

In the kitchen, the micro-

chip is beginning to make its power felt with an ability to read time, adjust temperatures and accept complicated instructions far beyond the capacity, and certainly the reliability, of good old timing clocks and mechanical temperature setters.

In the games room that same technology has long passed its early days of television tennis and is now applying itself to complex leisure task and model control.

The tragedy at the moment is that while European consumers are so enthused about the products of the electronic age, European industry is less enthused about producing it. Military and space spending by the Americans gave the U.S. an enormous lead in micro-technology. And the Far East, notably Japan, has been able to translate this technology into consumer and industrial products. While the range of Japanese electronic products is vast, the writer on this particular subject has to search hard for comparable items from Britain or mainland Europe.

Perhaps the most daunting thing about the whole business of consumer technology is that these are very early days. The thought that those door chimes could easily become a whole programmable orchestra is surely an alarming one.

Arthur Sandles

Videotext systems offer wide scope

PRESTEL, the British Post Office's information service which is available via the ordinary telephone network, has been hailed as one of the most important developments in telecommunications during the 1970s. However, despite initial optimism that Prestel would be in common use this year, manufacturers are still not producing enough of the specially adapted television sets to sell to the public.

Prestel, which was first proposed ten years ago, allows the domestic television set to be connected to a giant computer, which offers a wide range of up-to-the-minute information on topics such as train, bus and airport timetables, theatre and cinema programmes and holiday guides. Other data include business and government statistics, education and various information services for the public.

Thus, a television set—once it has been specially adapted and connected to an ordinary telephone—becomes a computer terminal in Prestel's growing network.

At the moment, users only have access to information on the network, but eventually it may be possible for them to generate their own data. Prestel could easily be used as the basis of an electronic mail service whereby subscribers could transmit messages to each other.

Already, the elements of such a system exist in the Prestel network. Each terminal has a calculator-style keyboard which could be used to send simple messages. In a complete mail system, an electronic typewriter keyboard could be incorporated, with all the necessary facilities for transmitting detailed messages.

The international telex system already allows users (particularly in business) to send written messages. The Prestel network could extend this to all of the Post Office's telephone users and it could be a far more sophisticated system.

For example, using a full typewriter-style keyboard, subscribers would be able to draft and correct messages before they are transmitted. On completion, these could be routed to their destination at the touch of a button. If the recipient was using his terminal at the time of transmission, the central computer would store the message until the terminal

was able to receive the message.

A further extension of the Prestel system is the possibility of using the network to carry out electronic shopping and bill-paying. Travel agencies can already book holidays for their clients through the network. So it would not be very difficult to take this a step further to allow electronic mail order for other types of goods and services.

Prestel, which is classed as a videotext system, is rivalled by two other systems in France and Canada. The British system (which is thought to be the most advanced) has already been sold to other countries such as West Germany, the U.S. and the Netherlands. It is marketed overseas by Aregon, a National Enterprise Board subsidiary.

Telidon, the Canadian version, began a series of six trials earlier this year and also aims to sell the system in the international market. It hopes that customers will be attracted by the system's very sophisticated graphics capability which allows far better graphs, maps and diagrams to be drawn, compared with Prestel.

French project

The French system is concentrated within the home country at present and the idea is that nearly every residence in the country will eventually be connected to the system. France has made a large capital investment in improving its telecommunications system which, for many years, had been the joke of Europe.

In many ways, the videotext system which is linked via the telephone network, is considered complementary (rather than in competition to) the systems which are broadcast by the television companies.

In the UK, these broadcast systems are Oracle and Ceefax, operated by ITV and BBC respectively. These have been in development since about 1974 and are intended to provide up-to-date news, weather, forecasts, and other information. It is a service which can be quickly updated, but can only accommodate a limited number of pages of information pages compared with Prestel which has virtually unlimited capacity for storage.

Oracle and Ceefax are services

which are broadcast in the same way as the ordinary television service. In fact, they use the spare scanning lines at the top of the television screen which are normally used to allow the electron beam, which forms the picture, to move from the bottom of the screen back to the top to begin its scan.

In Europe, each picture frame is made up of 625 lines, the electron beam scanning rapidly from top to bottom to complete each frame. Engineers initially used the spare scanning lines to transmit information—invisible to viewers—about programme origination. Since ITV and BBC often shared the same transmitters, programmes were occasionally broadcast on the wrong channel and the new system prevented this happening by giving each programme a label saying to which channel it belonged.

It was soon realised that, with a suitable receiver, the general public could be allowed access to a new information system giving up-to-date news and other rapidly changing information.

Manufacturers have developed joint standards so that any receiver sold to the general public should be able to pick up both the broadcast system and the videotext system via the telephone network. If a user has a receiver for Oracle and Ceefax, the only cost incurred is the capital sum for the equipment.

The recession and the uncertainty surrounding the domestic market means that for Prestel, at least, companies selling both the sets and services provided on the network have aimed their products at the business sector. As with home computers, the producers see this as the most lucrative market for several years to come.

The business sector is usually more prepared to buy the equipment during its initial years even though it is more expensive because the benefits of cost reduction brought about by mass production are not apparent.

But the consumer market, in contrast, is extremely cost-conscious and is not prepared to buy a television set equipped with Prestel if it is significantly more expensive than an ordinary set.

Elaine Williams

Fierce competition in the complex hi-fi market

TO THE average consumer the hi-fi market was complex enough even before the new developments in micro-electronic technology gave hi-fi manufacturers the opportunity to tinker even more with their sophisticated sound reproduction equipment.

For the manufacturers, in fact, the advances of new technology are essential to keep their production lines fully employed. Most hi-fi equipment has a life span of several years, if not longer, and it is therefore essential to persuade the consumer of the need to update his equipment as often as possible to produce that slightly better sound reproduction whose goal is the mark of the true hi-fi enthusiast.

Unfortunately for the hi-fi manufacturers, the Western world is now in the grip of an economic recession which makes even the most ardent hi-fi buff less enthusiastic about keeping up with every single modification in equipment. But the slump in the market has meant that price competition for existing systems has become even more fierce—almost overwhelming the beleaguered consumer with the choice of bargains and special offers on display.

But the real significance of the price war and technological developments is that hi-fi—or at least better quality sound reproduction—is being made available to a much wider audience than just the dedicated enthusiast. Not surprisingly, this

switch in consumer profile, which has had a marked effect on the industry, is likely to continue throughout the 1980s.

Market research has shown that over the country as a whole nearly three-quarters of households own a record-player of some description, with homes in the Midlands and East Anglia recording the lowest figures among the regions. By social class, however, there is a distinct bias towards the higher socio-economic brackets. Well over 80 per cent of households in the A2, C1, and C2 socio-economic groupings own record-playing equipment, compared with under 60 per cent in the D and E groups.

Ownership of record-playing equipment also varies with age, with more than 85 per cent of consumers in the 25 to 44 age bracket owning record-playing equipment, compared with only 40 per cent in the post-retirement age group.

The traditional record-player—with turntable, amplifier and speaker incorporated in one box—has completely lost its dominance in the record-playing market. Sales of these traditional box-type record-players have been falling steadily for years. Initially they were hit by the growth of radiograms, and then in the 1970s by the development of separate unit audio equipment.

But packaged audio systems, of which the great majority are music centres, accounted for about 80 per cent of the 1.4m stereo systems sold in the UK

last year. In terms of value, however, packaged systems represented only about two-thirds of the market, reflecting the higher prices for separate audio equipment.

Music centres, however, are widely acknowledged within the trade to have reached a plateau in terms of sales, with growth now coming almost entirely from the separate equipment sector.

There have been two main technical factors which have speeded the growth of the separates market. First, there has been the development of hi-fi racking systems in the past two years which, according to Mr. Peter Klein, managing director of Laskys, "has satisfied the need for equipment which combined the quality of sound reproduction and flexibility of hi-fi separates with the convenience of music centres."

Matching systems The major manufacturers have been more willing than in the past to make it easier for the customer to buy a whole range of compatible equipment without the need for understanding the technical requirements of matching systems. This means that days of virtually needing an electronics degree to wire up the various components of an audio system have been replaced by much simpler link-ups. And the provision of storage racks for the separate equipment has made such systems more appealing for use in the ordinary household living room.

The second major factor has been the development of micro-technology, which has enabled the equipment to be made much smaller. These systems, points out Mr. Klein, "have met the demand for space-saving equipment in smaller homes and have appealed particularly to the design-conscious female sector of the market."

It is perhaps surprising that making hi-fi equipment more appealing to the average consumer has not happened before. This was probably because the specialist hi-fi end of the market was dominated on the one hand by small independent retailers and on the other by very knowledgeable enthusiasts. In fact only one retail chain of any size which concentrated solely on hi-fi has developed and even that chain, Laskys, until recently did not have a particularly good image for the average consumer.

However, Laskys was last year acquired by the Ladbroke group, which injected in new management from another of its subsidiary companies, Hardman Radio. Hardman had been built up from its Liverpool base

entirely from scratch by Peter Klein as the separates/audio market began to develop in the early 1970s. Mr. Klein's trading philosophy was that all sales staff should be fully trained in the use of the audio equipment sold, so that the best equipment for the customer's needs could be provided. In a new and complex market, he realised that it was vital to win the consumer's confidence in the retailer.

This policy paid off for Hardmans, which established a reputation for quality and after-sales service in the North of England, and Mr. Klein eventually built up some half-a-dozen stores.

His aim now is to do the same for Laskys, which has a total of 44 stores including Hardmans. Wherever hi-fi equipment is bought, however, the Consumers' Association magazine "Which?" adds a sombre note: "You will have to be prepared to work hard to seek out really compatible hi-fi: few of the shops we visited offered really competent demonstrations, and you may not find the brands you want to compare all in one place."

But "Which?" does suggest that "specialist hi-fi shops were generally the best places to go, but this isn't a hard and fast rule: there was a wide variation in standards." In putting together a compatible hi-fi system, "Which?" suggests choosing the loudspeakers first since these make the biggest difference to the sound heard. "Good loudspeakers aren't cheap: few good ones cost under £100, a pair; most are £150 or more," it says. But the magazine says that differences in sound quality in amplifiers are usually negligibly small. "For most people, it's sufficient to choose an amplifier on the basis of how it sounds with a particular pick-up cartridge and whether its power is enough to drive your loudspeakers."

The sound from a pick-up cartridge can be greatly influenced by the input impedance of the amplifier. "Which?" warns, "Best to listen to cartridges in combination with amplifiers since most specifications don't give enough information to predict how the sound would vary with different amplifiers." It adds, "And the important thing with a record deck, the magazine says, is matching the pick-up arm and pick-up cartridge. To ensure the pick-up arm is suitable, choose the deck after deciding on a pick-up cartridge."

David Churchill

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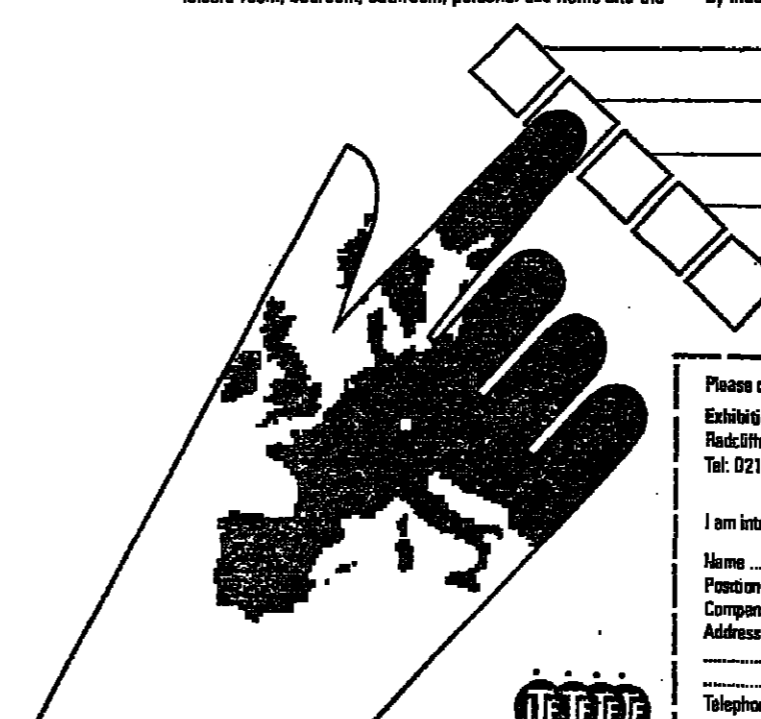
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CONSUMER ELECTRONICS III

The home video revolution is well underway

IT IS now possible to watch The 39 Steps or The Lady Vanishes in your own home for less than the cost of taking the family to the cinema to see the same films. These movies are not old repeats on broadcast television or the original 1930 black-and-white versions of these famous titles, but the more recent colour remakes. They are just two of nearly 1,000 titles currently available in Britain as pre-recorded videocassettes, in this example on hire for three days at £5 or available for outright purchase at £39.95.

The home video revolution, although only starting in earnest two years ago, has arrived—many hi-fi and television shops will reveal in their window display. Videocassette recorders, originally costing over £750, can now be bought, if you go to the right shops, for as little as £359. More expensive and elaborate recorders may still be priced at nearly £700, but with these come an extraordinary range of facilities.

Recent surveys reveal that most people now do know what a videocassette recorder is, but there are still enough around who don't know, and many more who fail to completely appreciate just how much this versatile machine can do.

Facilities

For a start, it can record broadcast television programmes on to magnetic tape for later replay via any domestic TV receiver. It is not necessary for the television set to be switched on when the recording is made; the videocassette machine works independently of the TV receiver during recording and only needs an aerial. Alternatively, you can watch the TV set on any channel while the recorder is silently doing its job recording another channel.

The cassettes can be re-used for other recordings. But if you wish to keep any precious recordings and have versatile children in the house who have other ideas, a small plastic tab on one side of the cassette can be broken off to ensure that the recording functions on the machine will no longer operate with that particular cassette. (If you change your mind later, a piece of Sellotape stuck over the aperture will re-engage the recording controls when the cassette is used again.)

Most domestic videocassette

recorders now offer up to about three hours' recording time on one cassette, but the recently introduced Philips V2020 gives eight hours—four down one half of the tape, four on the other. All domestic VCRs, as they are commonly called, incorporate pre-set time controls for automatically switching on the recorder. Obviously this facility is invaluable for catching television programmes when you are out. More recent machines allow the user to pre-select the switch-off time too, or to select a whole series of on/off times and channel changes up to 10 or more days in advance.

Used in this way, as a "time shift" machine, the videocassette recorder rapidly becomes an essential luxury like the refrigerator: after experiencing the convenience it becomes difficult to conceive of life without it.

A minority of videocassette owners also hire or buy movies on cassettes, even though many of them can be recorded from TV by a little advance planning. But nearly all domestic recordings made off TV are illegal, breaching the copyright vested in that material (even if intended only for private use). Those who wish to achieve the unusual or unique distinction of staying within the copyright laws must buy or rent their programmes and use the recorder for educational material only (which has special dispensation). Alternatively, it can be used with a video camera.

The latter is slowly replacing the super 8mm movie camera. Connected to a videocassette recorder it becomes extremely easy to shoot colour recordings on inexpensive cassettes for instant replay. The quality, even with relatively low price domestic video cameras, is surprisingly good. But a "relatively low price" is still a few hundred pounds, at least £600 for a good colour camera.

None the less Granada TV Rental has now started to provide video cameras on hire—and in the future more weddings will be shot on video than super 8mm film.

Next year the British public will be able to buy another innovation extending the use of the television set—the video player. This is the videocassette recorder almost exactly what the hi-fi record player is

to the audio-cassette recorder. The video disc carries a pre-recorded colour programme on both sides, but cannot be used for recording. If this sounds rather unexciting after the attractions of the videocassette, it should be pointed out that there is very much more to a video disc player than meets the eye. It will sell for less than the videocassette recorder (possibly two-thirds of the price). The pre-recorded discs are very much cheaper than pre-recorded videocassettes (in the U.S., the most recent movies can be bought for the dollar equivalent of about £12).

Most important of all, however, is the superb quality provided by video discs. Not only

is it up to broadcast standard (making it far superior to videocassettes) but it yields stereo sound to genuine hi-fi standards. Additionally, high quality replay in slow or fast motion is possible, as well as "freezing" of frames. Indeed each single frame or picture of the 25 per second contained in a programme can be instantly located—like the pages in a book—by reference to the frame numbers, which can be displayed on the TV screen by the flick of a switch.

Video discs thus provide more than just a home movie system. They turn television programmes and films into a medium as accessible as the printed book, with any sequence, fragment or detail of a pro-

gramme at the finger tips and control of the viewer.

There are snags, of course, the most important of which is the fierce commercial battle now beginning between three rival systems. Philips lead with its sophisticated optical system (VLP) already available in the U.S. and coming to Britain next May. But RCA and JVC each have non-compatible systems which will be challenging Philips—probably some time next year.

Meanwhile the bedazzled home viewer is being confused with further promises: cable TV and satellite TV. The former has been around for almost as long as broadcast television and started merely as a way of relaying broadcast TV to homes

where reception was bad. In the U.S. it has grown into a major industry offering a wide choice of alternative programming, including the very latest movies (all for a price, of course).

Agreement

Cable TV in the UK is still a small business, effectively confined to the relaying of existing programmes from BBC and ITV. But the Government has now agreed to allow the UK cable operators to introduce what has been called Pay-TV (subscription TV is the term preferred by the industry). For some 21m viewers already connected to the cable in UK, this means that an additional channel may

be offered to some areas—carrying regular screening of feature films—in exchange for a monthly subscription fee.

But only 4m homes in UK are within the reach of cable TV systems and it is unlikely that the American cable explosion will be repeated here.

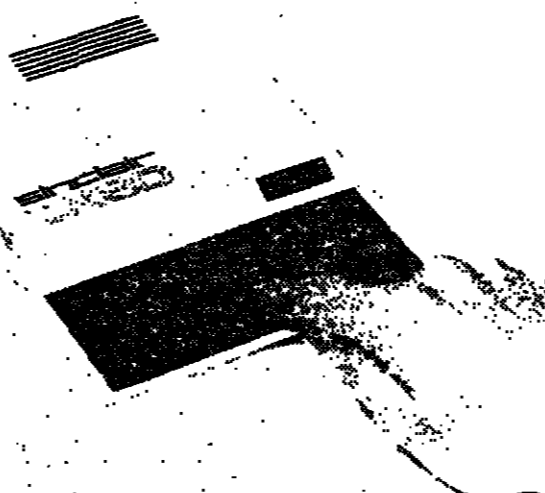
Even more dramatic are the stories of domestic satellite TV reception, with the prospect of European countries beaming in TV services to British viewers—a recipe for political and commercial panic and good for a few headlines. But what these stories fail to say is that every viewer will need a special satellite dish aerial at least one metre across; that this must be located in direct line of sight

with whichever satellite the viewer wishes to receive; and that the dish aerial must be lined up to the satellite with an accuracy of about two degrees—way beyond the current capability of aerial installers. And where do you mount this large dish so that it has an unobstructed view of the satellite?

With the fourth television channel due in 1982, videocassette recorder sales matching the early statistics of colour TV sales, and video discs arriving next year, the home viewer may well have more than enough products competing for his time.

John Chittock

Growing market for small computers



The new ZX80 full-facility personal computer from Sinclair Research is priced at £99.95, including V.A.T. The computer is also available in kit form at £79.95. Both prices include a comprehensive 100-page manual containing a complete course in basic programming. The computer weighs 12 oz

market, most companies place greater emphasis on selling to the small business sector since this will be the main market for several years to come. In the U.S., Byte Shops—named after the term for eight bits of computer data—are strong in the field. Radio Shack is another chain store with over 7,000 outlets world wide.

A large number of companies manufacture personal computers—many of which are professional models cut down to personal size. True business applications and domestic uses often overlap. However, three leaders seem to have emerged in the home computer market. One is Apple Computers, set up in 1976 by computer en-

thusiasts Mr. Steven Jobs and Mr. Stephen Wozniak. These two young men began their business in true entrepreneurial style, in a garage.

Rising sales

When they started manufacturing a hobby computer demand became so great that they decided to put their activities on a more professional footing. They sought highly skilled managers such as Mr. Mike Markkula, who became chairman of Apple's board.

This year the company expects sales to reach \$75m with over 100,000 of its computers sold throughout the world. Its headquarters are in Cupertino the centre of the U.S. "Silicon Valley," near San Francisco.

Recently, the company set up a factory in Cork, Ireland, to assemble computers for the European market.

Apple is competing against Tandy, another U.S. company, which claims to be the largest seller of personal computers with about 200,000 sold world wide. Tandy, which runs the Radio Shack chain stores in the U.S. (but known as Tandy in the UK) was mainly a manufacturer and distributor for radio and hi-fi equipment.

decided to develop home computers. The company believed that this would be the next major growth sector for domestic electronics.

The basic system, sold initially in the U.S., cost \$600; an improved version was \$900. In general, personal computers can cost anything between £500 and £2,000 while an average business system would cost £8,000 to £10,000.

The third main competitor in this field is Commodore, makers of calculators and digital watches. The company was one of the first to sell calculators, and as a veteran of the price cutting wars which occurred during the mid-1970s, Commodore decided to price computers as low as possible from the beginning.

Mr. Clive Sinclair, who recently set up Sinclair Research, has also developed a small computer costing less than £100 which, he says, is suitable for "beginners."

Already a large number of programs have been written for personal computers and a host of specialist magazines give advice and information about operating them. These include Personal Computer World, Educational Computing, Interface Age and a magazine well known in computing circles, called Dr. Dobbs' Journal of Computer Calculations and Orthodontia.

Some home computer programs include business applications such as simple stock control, appointment scheduling, wage and tax calculation. There are many computer games and education programs, such as mathematics and foreign languages.

Computer manufacturers say that more than half their sales are for the business market. Small companies have begun to realise how useful computers are as the running of a business becomes increasingly complex.

True computer hobbyists who like to create their own machines will probably remain a small select group like their counterparts in amateur radio.

Over the next few years manufacturers of home computers will continue to develop machines which are extremely simple to use. The advent of video games has to some extent increased their popularity. Prestel, the British Post Office's computer information service, makes large amounts of information available to the householder via the telephone network, thus familiarising the public with the workings of computers.

But it will be many years before home computers become as pervasive as the television and telephone are today.

Elaine Williams

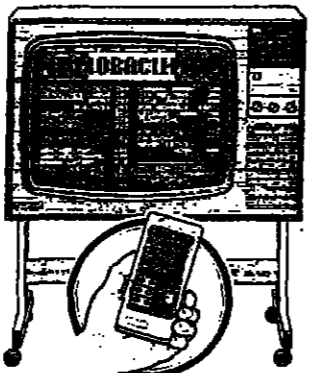
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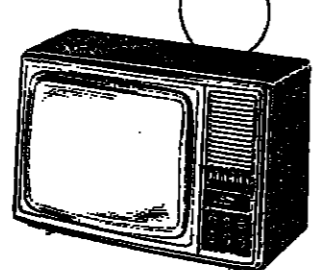
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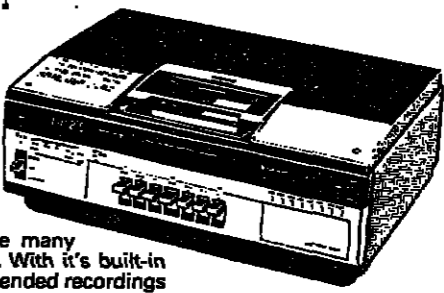
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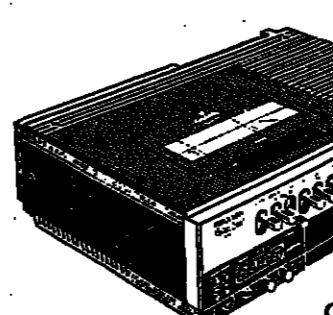
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CONSUMER ELECTRONICS IV

Games market faces tough challenge

THE ELECTRONIC toys and games market, which has been the fastest growing sector of the toy industry in recent years, will be facing its toughest challenge this Christmas. Few toy retailers are optimistic about the general level of sales this year as the economic recession gathers pace, even though parents traditionally give toys for their children a relatively high priority even when times are hard.

It is also true from past experience, however, that in times of recession it is traditional toys that are most in demand since these are seen to represent value for money. Thus many retailers fear that the newer electronic video toys may be passed over in favour of more traditional — and understandable — toys.

Other retailers, however, argue that electronic toys have taken such a hold of the market that sales will not suffer too badly this year. But they do suggest that it will be the established electronic video toys that will benefit most, rather than some of the new and more sophisticated games now on offer.

It is only a few years, however, since even the most basic "ball and paddle" games were being hailed as technological wonders. The history of electronic video games, therefore, really mirrors the rapid advances made in micro-technology throughout the 1970s.

Early stages

The U.S. company Magnavox (now owned by Philips) introduced in 1972 what is generally believed to be the first consumer electronic video game in the U.S. The game was basic and compared unfavourably with the relatively more advanced games being displayed in both the U.S. and UK in amusement arcades and pubs. The commercial games, however, cost several hundred pounds and were fairly bulky because of the considerable amount of circuitry needed.

In 1975 General Instruments of Scotland developed a single integrated circuit or "dedicated chip," which incorporated all the features of the arcade games but were much smaller and cheaper. The circuits are a tiny sliver of silicon, less than the size of a tea-leaf, on which a micro-electronic circuit has been etched.

The early games, which

carried a variety of ball-sports with sound effects and on-screen scoring, retailed at between £40 and £50. But in 1976 and 1977 the UK market was flooded with games from the Far East where production costs were lower and where the same circuits used meant considerable similarity in performance.

Prices fell quickly, which meant consumers who bought a game at £40 quite often saw the price drop by half or more within a few weeks.

Subsequent developments in micro-electronics resulted in a new generation of video games being developed in the U.S. and Europe. These new games are based on microprocessors — which are virtually tiny computers — rather than a single integrated circuit.

Thus instead of having a range of games built directly into the console, the micro-processor can be programmed to take different games simply by inserting a different games programme contained in a small cartridge. This saves duplication of the basic hardware — such as colour circuitry and hand controls — while allowing unlimited scope for different games to be played.

The undoubted market leader in these programmable video games is the "Atari Video Computer" which has the largest range of games — including the hugely successful "Space Invader" game — and is the most popular model. It is also the most expensive game on the market, although it can be bought for around £120, plus £16 each for the simpler games cartridges.

The main rival to Atari's game is Philips' new "G7000 Videopac Computer." Although this is different to the Atari and other models in that it has a keyboard console as well as remote control terminals, it still provides basically the same games and tests of skill (such as mathematical puzzles) available on the other models.

The other two major programmable games are the "Grandstand Video Entertainment Computer" and the "Interton VC 4000" model. Although the Interton has the fewest games cartridges available, it is the cheapest of the programmable games, selling at about £80 plus the cost of cartridges.

The simpler integrated circuit games can still be bought for under £10 and there are some simpler versions of the more sophisticated program-

mable games available at between £20 and £30.

At the top end of the electronic video market are the traditional board games — such as backgammon, chess, draughts, and bridge — which, with the aid of a microprocessor, enable one person to play against the computer. For enthusiasts who can never find enough opponents, such electronic games can be a godsend. Not surprisingly, however, these games are still cheap — though they are still among the most popular.

The Bridge Challenger, for example, costs around £300 and the Backgammon Game about £150. The various chess games range in price and level of difficulty from about £60 to £250. The more expensive version gives the computer, called Boris, a voice who gleefully calls out his moves and potential check-mates.

It is at the bottom end of the market in terms of price which has seen the most new products launched over the past year. At

first sight the market looks very confusing, but in fact there are several distinct types of toys and games, each appealing to a particular sector of the market.

Educational use

First there are the "teaching" games. While many electronic toys have an educational role, albeit unwittingly, there are several that are more obviously aimed at teaching through play. The "Race Teacher," for example, is a programmed calculator in the shape of a racing car which sets maths puzzles of varying degrees of difficulty — at a cost of around £15. A similar maths game is the "Little Professor," and there is also the "Spelling Bee" game which is aimed at helping youngsters improve their spelling.

Secondly, there are the games that, although educational as well, are really games of logic that appeal to all age groups. "Electronic Mastermind," for

example, is a version of the popular game introduced a few years ago but which allows one person to play against the computer instead of a real opponent.

Thirdly, there are the "reaction" games which test the operator's speed of reaction and manual dexterity. Mattel has three such games — "Soccer," "Space Alert" and "Auto Race" — which retail at about £16 each. Since these games are small enough to hold in the hand they are useful for passing the time when travelling.

Two of the most popular and widely available games — "Simon" and "Merlin" — are also games of reaction and dexterity but with a memory function as well. "Simon," which looks like a flying saucer with four coloured "windows" on top, costs about £20. The aim is to repeat correctly a sequence of lights and tones produced by the machine, along

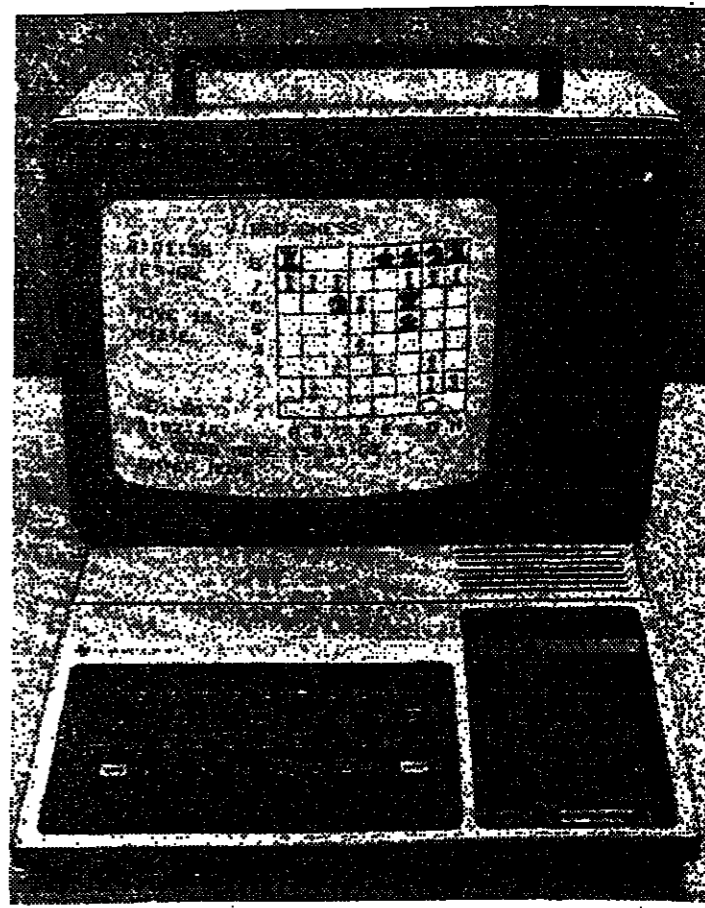
the lines of the "Simon" children's game. Although it may sound difficult, the game can be easily picked up and is a great attraction at parties for all ages.

"Merlin," which also sells at around £20, works on much the same principle as "Simon" but has a greater variety and is more suited to solitary play.

Finally, there are the strategy games such as "Computer Battleship" and "Intercept." Both utilise electronic technology to inject more interest into games that are largely a matter of tactics and strategy between two players.

Probably the main rule to remember before entering the electronic toys jungle is that the most technically complex games are usually the most expensive as well. Both price and complexity march hand in hand but it pays to shop around since prices can vary quite considerably.

David Churchill



Video Chess: first class graphics are indicated here on the new Video Chess command module for Texas Instruments' versatile home computer

Trend towards a small, small world...

THE TRENDY accessory for joggers/skiers/loungers or cyclists this year is the Sony Stowaway, still available in Britain at £99, but reportedly outstripping even wily Sony's ability to produce in other markets. The Stowaway is the smallest portable stereo cassette player yet, and it has proved a remarkable seller. But then it has a remarkable performance — its lightweight headphones allowing you to listen to either Bach or The Clash in the bus queue without upsetting neighbours who may not share your musical tastes.

The Stowaway is just another, if particularly notable, example of a long line of micro-technological items which are currently flowing from the world's drawing boards.

Cameras, radios, hi-fi, tape-recorders, clocks, watches and calculators are all reducing in size and increasing in performance. Radios no bigger than cigarette packs and television sets the size of cigar boxes are becoming commonplace. But is small always beautiful?

In many fields the size of the equipment is dictated by factors other than the basic need to pack as much electronic hardware as possible into a given

space. Recorders must be at least large enough to accept a tape cassette; radios have to be of sufficient proportion to allow a reasonable speaker or else require the use of earphones; cameras cannot get very much smaller so long as 35mm film remains the favoured medium for real enthusiasts. Perhaps the most vivid example is the pocket calculator, whose size now is dictated by the dexterity of the average human hand rather than the ability of designers to produce something smaller.

Micro-electronics have therefore in many areas turned size into a design feature rather than a manufacturing necessity. Modern calculators are the size they are because that is the size the manufacturers have found most popular.

Things move so quickly in this business nowadays that any return to the marketplace reveals a new abundance of products. Having had a small, but aged, shortwave radio set stolen from a hotel room recently I sallied forth to buy a replacement (such is the penalty of addiction to World Service) only to find today's sets are smaller, prettier, much more powerful and are equipped with

such magical, and seemingly inevitable, accessories as timers and alarms.

My Florida hotel thief must be quite disappointed to find himself with something quite so heavy and antiquated.

Even apart from short-wave radios miniaturisation has proved a considerable boon to the traveller. This is particularly true in the case of the dictating machine and the calculator. The real break-through with dictating machines came when Olympus launched its Pearlcarder micro-cassette system. Now selling at a sufficient pace to justify the luxury of television advertising, the Pearlcarder, which retails from between £70 and £300 according to how sophisticated you want the basic machine to be and how many accessories you choose, has provoked a legion of competitors.

At once the Pearlcarder's advantage and disadvantage is its use of micro-cassettes rather than the full sized audio-cassette originally designed by Philips. At the moment this reduces the flexibility of tape usage — you can't interchange your domestic hi-fi cassettes with the Pearlcarder ones — although there are whispers of a substantial swing to micro-cassettes

for domestic sound reproduction. It is a swing that I will believe when I see it. For the moment you lose in flexibility (if you want it, which many people don't) what you gain in sheer size.

The portable dictating machine is a consumer minefield. Once you start to get away from the household brand names you begin to tread an extremely dangerous path. If there is any advice that can be given with so many products on offer it can only be to buy nothing on impulse. Remember that there is usually a good (or bad) reason for drastically reducing the price of something; and that the prime guideline is the ability of the equipment to do the job you actually ask of it.

One particular area of use which is difficult to check in a shop, for example, is battery life. Mechanical things, such as tape decks, consume vastly more power than electronic ones like calculators and clocks. One of the easiest ways for a designer to cut down the size of the equipment is to reduce the battery space. For the consumer, however, that sort of economy can prove a practical disaster and, knowing the price of batteries in some countries, a financial

one as well. Batteries are not a problem with another area which has attracted miniaturisation — domestic hi-fi. Here the power comes from the mains — the drive towards smaller equipment from a need to get rid of the lumbering hardware of traditional hi-fi which takes up too much room in today's somewhat modest domestic settings.

Aiwa was the first to mass produce a micro system which is less than half the size of a comparable full scale hi-fi outfit and lacks the miles of cable that many unit audio systems boast. In theory a racked audio system, even a micro, is superior to the now unfashionable all-in-one music centres — not only in the field of performance but also in that if any one part needs repair the rest of the system can still operate.

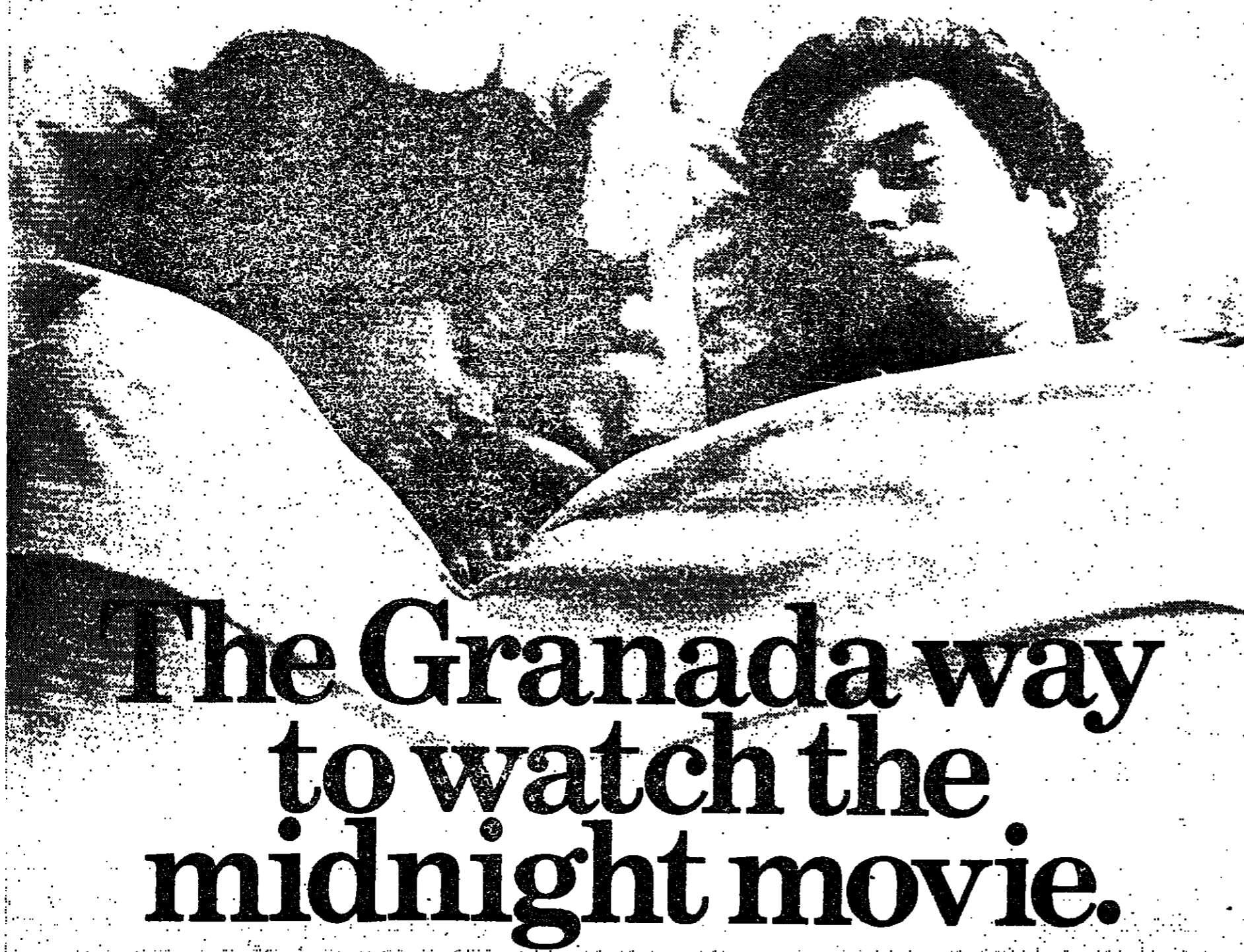
A basic Aiwa system will cost around £320 at a discount store, but this is without speakers and record deck. There is of course a whole range of rival products, including ones from Ferguson (upwards of £280), Elipack (£300-plus), Pioneer (approaching £500) and the lowest priced of all Amstrad (upwards of £200). These are London dis-

count prices. If you want a dealer who takes an interest and makes a fuss of you then expect to pay more for the privilege.

The fact that these micro-systems have not in fact swept the market-place completely indicates the way in which novelty is not necessarily the quickest route to consumer demand. These small systems are said by some to be too fiddly to use and, for once, it is big that is really beautiful.

It may be therefore that in many fields we have reached the point where things will get smaller, whatever wonders are produced in the laboratory. What does seem inevitable, however, is that into the box of tricks that used once to contain just a radio, or a television set, will power more and more facilities, some of them useful and some of them just a passing fancy. Now that the consumer electronics industry has become almost as much a fashion business as the clothing trade the one thing we can predict with certainty is that the miniaturisers will continue to assault us with novelty.

Arthur Sandles



The Granada way to watch the midnight movie.

The trouble with a good late night film is it's on so late.

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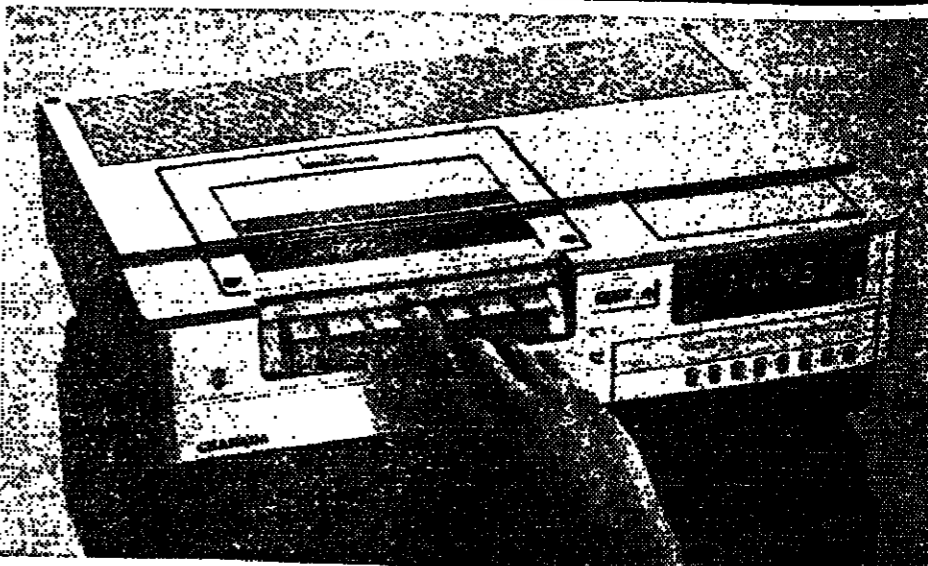
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مكتبة الفضل

Companies and Markets

Growth slows at Douwe Egberts

By Our Amsterdam Correspondent

DOUWE EGBERTS, the Dutch tea, coffee and tobacco group, experienced a sharp slowdown in profit growth in the second half of the year and in June, half of the year and in June, prospects for this fiscal year are only "moderate" and no further increase in profit is expected.

Net profit rose 8.4 per cent to F1 13.8m (\$58m) from the equivalent period of the previous 18-month accounting term. This represents a considerable decline on the 31 per cent profit rise reported at the half-way stage. DE last year switched to a June year-end.

The return on assets fell to 18.5 per cent from 19.2 per cent. DE proposes paying a final dividend of F1 40 compared with F1 51 for the preceding 18-month period.

Turnover rose 25 per cent to F1 266m (\$1.4bn), including 12 per cent resulting from new consolidations. Foreign sales accounted for 49 per cent of the total compared with 43 per cent previously.

The company reported that the development of the tea and coffee markets and the contribution of these sectors to the operating result were "satisfactory". Sales of tobacco were little changed in cash terms though profits increased somewhat.

DE continued to reduce the losses from its cigar-making operations.

The company earlier this year placed just over 1 per cent of its share capital on the over-the-counter stock market in Amsterdam to gain a wider currency for its shares. DE, which until recently was entirely in the hands of one family, is now 65 per cent owned by Consolidated Financial of the U.S., whose voting rights are limited to 28 per cent.

Tooth calls off agreed takeover of Hooker

BY JAMES FORTH IN SYDNEY

THE PROPOSED A\$82m bid by brewer Tooth and Company for property group Hooker Corporation has been called off.

The deal had been under attack from Tooth shareholders, but it was opposition from a small group of Hooker shareholders that decided the issue.

The offer was originally due to close on July 11, but Tooth was twice forced to extend the date because of a slow acceptance rate. At the last count acceptance for ordinary shareholders totalled 73 per cent. To be sure of complete ownership, considered necessary for the full benefits of the merger, Tooth needed 90 per cent

acceptance, at which point it could acquire compulsorily the remainder.

The offer was due to close yesterday and Tooth was again expected to extend. It could prolong the time until November 11 before the bid finally ran out.

Instead Tooth made a surprise announcement that the offer would not be extended and it therefore lapsed yesterday.

Tooth took this step because Hooker had ascertained that holders of more than 10 per cent of its capital were opposed to the merger and had decided not to accept the Tooth bid.

The directors of Hooker also released the group's profit

figures for the year to June which showed that earnings rose 16 per cent from A\$7m to a peak A\$8.15m. The result equalled earnings of 13.3 cents a share compared with 11.5 cents in the previous year. The dividend is held at 7.5 cents a share.

The directors forecast that, subject to the maintenance of reasonable economic conditions throughout Australia, a material increase in operating profits could reasonably be expected for 1980-81 and thereafter.

The collapse of the merger could leave Tooth, which has admitted to lack of management depth, vulnerable to a takeover.

Haggie up despite lower exports

BY JIM JONES IN JOHANNESBURG

HAGGIE, the diversified South African company with interests in steel wire, wire ropes and engineering equipment, increased pre-tax profits by 55 per cent to R19.7m (\$25.9m) in the six months to June 30, despite setbacks in major export markets.

For the first half of 1979, pre-tax profit was R12.7m compared with R28.1m for the whole of last year. Turnover for the first half of 1980 was 31 per cent higher at R97.2m.

Mr. Richard Savage, chief executive, said that a strengthening of the South African rand led to a 10 per cent decline in exports. However, this was more than offset by higher domestic sales, and the situation is expected to continue for the remainder of this year.

Mr. Savage also reports that the group remains extremely

liquid and has minimal borrowings. It is thus in a position to make a substantial cash investment if acquisition opportunities arise.

During the first-half, Bridon of the UK sold its 38 per cent interest in Haggie to Scaw Metals, a wholly-owned subsidiary of Anglo American Corporation and to Union Corporation, leaving each with a 35 per cent stake in Haggie.

During the period, Haggie made a successful cash and shares offer for the minority holdings of engineering company Samuel Osborn (South Africa) and, with effect from July 1, merged its mild wire interests with those of State-owned steel producer Iscor.

An interim dividend of 15 cents compared to 10 cents for the same period in 1979 has been declared from first-half

earnings per share of 68 cents compared to 47 cents. A total dividend of 36 cents was declared in 1979 from earnings per share of 103 cents. A total dividend of 45 cents is forecast by the Board for 1980.

Interim pre-tax profits at Union Steel Corporation of South Africa advanced sharply to R12.09m (\$15.91m) compared to R4.92m a year earlier. In order to combat the adverse effect which the high inflation rate has on profits, the directors have switched the method of stock valuation to the "last-in-first-out" method of account. It is expected that dividends will not be affected as a result of this change.

Group profit after tax and after providing for Life is 75 per cent higher at R8.31m than the corresponding period last year.

Oce interim depressed by interest charges

By Charles Batchelor

IN AMSTERDAM A SHARPLY higher interest charge depressed the results of Oce van der Grinten, the Dutch copier group, in the first half. Net profits fell 2 per cent to F1 18.9m (\$9.7m) in the six months to May on sales which were 12 per cent higher at F1 502m (\$360m). At the operating level profits rose 14 per cent to F1 52.2m.

Oce's net interest charge rose 50 per cent to F1 18.7m while the tax charge was unchanged at F1 13.9m. Its share in the profits of associated companies was halved to F1 200,000 while the claim of minority interests on Oce doubled to F1 900,000.

Net profit per share fell to F1 10.45 on a marginally larger number of issued shares compared with F1 10.67 last time.

All product groups contributed satisfactorily to the increase in sales. A recently launched range of copying machines for the design, engineering and commercial office markets is developing well.

It announced that it has reached agreement with CPT International to distribute the U.S. company's word processors on the Dutch market.

Hang Seng Bank ahead in first half

By Philip Bowring in Hong Kong

HANG SENG BANK, a 60 per cent-owned subsidiary of HongKong and Shanghai Banking Corporation, reported a 30 per cent rise in after-tax profits for the half-year ended June to HK\$ 17.94m (\$US\$3.7m). The interim dividend was raised by a similar percentage to 65 cents.

The six months results compare with HK\$ 297m for the whole of 1979. The figures are after transfers to inner reserves of undistributed profits.

The published profit increase is regarded as relatively modest given the high interest rates prevailing during the period and the very rapid continuing expansion in credit in Hong Kong which grew by 50 per cent in the year to June.

Dome borrows C\$400m from Japan for Arctic oil

BY ROBERT GIBBENS IN MONTREAL

DOMESTIC PETROLEUM of Calgary, the main energy resources operator in the Beaufort Sea off the North West Territories of Canada, has signed a letter of intent to borrow C\$400m (US\$350m) from the Japanese National Oil Company (JNOC).

Negotiations for this financing have been continuing for most of this year. Dome, with several partners, has found probable commercial oil reserves in several offshore wells in the shallow waters of the Beaufort Sea, about 2,000 miles north of Calgary.

The principal oil structures are Kapanak and Tarsat, about 70 miles from the Mackenzie Delta. The area is roughly 200 miles from the offshore Prudhoe

Bay area of Alaska, now being opened up to U.S. exploration.

The loan negotiated by Dome from JNOC would help finance more exploration and development, and would be paid back from production from three future oil fields in the Beaufort Sea. Dome has said that the first oil production from the Beaufort is possible by 1985 or 1986.

The Japanese company can grant further development loans, also repayable from future production.

Dome's letter of intent with the Japanese company is subject to the Canadian Government's approval for any exports of Beaufort Sea oil. All the North West Territory oil and

gas permit areas are subject to Federal jurisdiction only.

Depending on the course of Canadian oil reserves in the next five years, exports of Beaufort Sea oil to Japan could become a significant political issue.

JNOC will form a consortium with other Japanese companies to provide the loan.

It declined to give any details regarding further loans, other than to say that these will not be less than 10 per cent or more than 25 per cent of Dome's share of the cost of the development.

However, earlier this month, JNOC said it had been asked to form a consortium to invest C\$1bn in the development.

Nedlloyd trebles net profit

BY OUR FINANCIAL STAFF

SHARPLY HIGHER earnings are reported for the first half of 1980 by Nedlloyd, the major Dutch shipping group.

At the net level, profits have nearly trebled to F1 52.2m (\$27m) from F1 17.5m, lifting earnings per share to F1 16 from F1 5.3.

For the full year Nedlloyd expects a considerable increase. Second half earnings should be "somewhat higher" than those achieved for the opening six months.

During 1979, second-half net profits were F1 46.6m to give a total for the year of F1 64.1m.

Dividends last year totalled F1 8 a share.

Nedlloyd's shipping activities account for close on two-thirds of group turnover. It operates liner, bulk, carrier and tanker services. Nedlloyd's non-shipping interests take in road haulage and a forwarding business.

Operating profits for the 1980 first half came to F1 99.4m compared with F1 35.4m. Asset sales brought in F1 10m, or F1 2.4m more than for 1979, while an extraordinary loss of F1 200,000 was incurred, against a gain of F1 900,000.

Peko and Clyde renew bid battle

By Our Sydney Correspondent

THE MINING and industrial group Peko-Wallend and Clyde Industries, the engineering group, are now free to compete on equal footing in a bid for the material-handling company Production Equipment. Both companies had previously announced bids, but Peko, which had the lower bid, claimed to have first tied up 57 per cent of Production's capital through an irrevocable agreement with the family of the founder, the late Mr. Walter Krauss.

Clyde took legal action claiming that Peko breached the listing requirements of the stock exchanges by acquiring more than 20 per cent without first announcing a takeover bid.

The court action has been discontinued following the voluntary release by Peko. Clyde yesterday released the statement for its cash bid of A\$4.15 a share, and will send out the statement for its proposed share-cash alternative as soon as practicable. Peko has yet to go ahead with its bid, but had previously announced a cash price of A\$3.75 a share.

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Sharp rise at UOL

By Georgie Lee in Singapore

UNITED OVERSEAS LAND, (UOL), a leading Singapore property developer, has reported a 36 per cent rise in group pre-tax profit to S\$5.8m (U.S.\$ 2.72m) for the half-year ended June. Group revenue increased by 34 per cent to S\$19.95m (U.S.\$9.37m).

Midway gain for Amfas

BY OUR FINANCIAL STAFF

AMFAS, the Dutch insurance group, has increased first-half 1980 net profits by 18 per cent to F1 23.5m (\$11.7m) following a gain of 12 per cent in revenue to F1 785m.

At the per share level, profits improved to F1 9.22 from F1 9.21. The company is paying an interim dividend of F1 2.40 a share which represents an effective rise of 20 per cent given the capital increase resulting from a rights issue at the beginning of the year.

Amfas still expects net profits to rise by at least 15 per cent this year and total revenues to increase by around 11 per cent. First-half insurance results were favourable, but other activities were influenced "unfavourably" by the situation on the domestic housing and mortgage markets. Interim dividends of F1 2.40 a share which represents an effective rise of 20 per cent given the capital increase resulting from a rights issue at the beginning of the year.

COMMODITIES/REVIEW OF THE WEEK

Brazil export move hits coffee market

BY OUR COMMODITIES STAFF

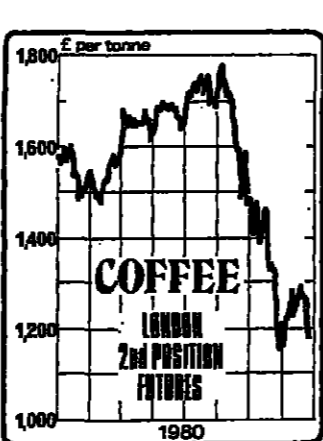
BRAZIL FINALLY admitted defeat this week and gave up its attempt to bolster coffee prices by withholding its supplies from the market. On Tuesday night the world's biggest coffee producer announced that it had lifted its export ban, a move that was quickly followed by Costa Rica and Mexico. Other Latin American countries who had supported the Brazilian strategy, which began on July 4, are expected to reopen exports before long.

It would be difficult to see the producers play as anything other than an abject failure. It was prompted by a dramatic decline which had wiped \$300

off world coffee prices in a month but a further \$200 was lost while the ban was in force and another \$90 has been trimmed off since Tuesday's Brazilian announcement.

At last night's close November delivery coffee on the London futures market was quoted at \$1,176.5 a tonne, down \$116 on the week.

The uncharacteristic fall in coffee prices this summer has been largely due to exceptionally mild weather in Brazil where the frost "season" is now drawing to a close. It is not unusual for the Brazilian crop to escape frost damage but there are generally enough frost scares



MARKET REPORTS

BASE METALS

COPPER—Last ground in morning-only trading on the London Metal Exchange. However, the high American markets, reflecting reports of optimism concerning the possible settlement of the copper workers' strike, saw forward metal open at \$288, before rumours that the U.S. hostages in Iran had been shot prompted a flurry of covering which lifted the price to \$276 on the pre-market. However, a denial of these reports triggered heavy fresh selling which gathered pace following talk of an increase in warehouse stocks over the past week. Consequently, the whole of the market fell sharply to \$260.5, turnover 11,425 tonnes.

At the per share level, profits improved to F1 9.22 from F1 9.21. The company is paying an interim dividend of F1 2.40 a share which represents an effective rise of 20 per cent given the capital increase resulting from a rights issue at the beginning of the year.

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WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1980	
				High	Low
METALS					
Aluminium	2810/815	-	\$710/80	2810/815	2780/70
Free Market c.i.f.	2810/1894	-	\$1,510.50	2818/2200	2165/65
Antimony	\$3,376/525	-	\$3,056.00	\$3,485	\$3,098/528
Copper Cash Wire Bars	2845	-49.5	2895.75	2815	2825.5
3 months Do	2845	-50.5	2895.75	2815.75	2825.5
Cash Cathodes	2815.45	-47	2895.5	2815.16	2805
3 months Do	2815.45	-47	2895.5	2815.16	2805
5 months Do	2815.45	-47	2895.5	2815.16	2805
Lead cash	2845.5	+13	\$315.375	2845.5	\$275
3 months Do	2845.5	+13	2845.5	2845.5	2845.5
5 months Do	2845.5	+13	2845.5	2845.5	2845.5
Nickel	2845.5	+13	2845.5	2845.5	2845.5
Free Market c.i.f. lb.	230/1815	-	225/200	231/845	226/200
Platinum per oz.	2845.5	-	2845.5	2845.5	2845.5
Free Market c.i.f.	2845.5	-	2845.5	2845.5	2845.5
Quicksilver (76lbs)	2845.5	-	2845.5	2845.5	2845.5
Silver per oz.	\$410/480	+7.75	\$290/510	\$410/480	\$270/380
3 months per oz.	2845.5	+17.75	2845.5	2845.5	2845.5
Tin cash	2845.5	+16.25	2845.5	2845.5	2845.5
3 months Do	2845.5	+16.25	2845.5	2845.5	2845.5
5 months Do	2845.5	+16.25	2845.5	2845.5	2845.5
Tungsten Ind.	2845.5	+16.25	2845.5	2845.5	2845.5
Volfram (25.4 lb)	2845.5	+16.25	2845.5	2845.5	2845.5
Zinc cash	2845.5	-	2845.5	2845.5	2845.5
3 months Do	2845.5	-	2845.5	2845.5	2845.5
5 months Do	2845.5	-	2845.5	2845.5	2845.5
Producers' GRAINS					
Barley	2845.5	-	2845.5	2845.5	2845.5
Home Futures	2845.5	-	2845.5	2845.5	2845.5
France No. 3 Yellow (Amer.)	2845.5	-	2845.5	2845.5	2845.5
WHEAT					
No. 1 Red Spring	2845.5	-	2845.5	2845.5	2845.5
Eng. Milling (new crop)	2845.5	-	2845.5	2845.5	2845.5
SPICES					
Pepper, white	2845.5	-	2845.5	2845.5	2845.5
Pepper, black	2845.5	-	2845.5	2845.5	2845.5
COCONUTS					
Coconut (Philippines)	2845.5	-	2845.5	2845.5	2845.5
Groundnut 55	2845.5	-	2845.5	2845.5	2845.5
Linseed, crude	2845.5	-	2845.5	2845.5	2845.5
Palm Malaysia	2845.5	-	2845.5	2845.5	2845.5
SEEDS					
Copra (Philippines)	2845.5	-	2845.5	2845.5	2845.5
Soyabean (U.S.)	2845.5	-	2845.5	2845.5	2845.5
OTHER COMMODITIES					
Cocoa Shipment	2845.5	-	2845.5	2845.5	2845.5
Cocoa Futures Dec.	2845.5	-	2845.5	2845.5	2845.5
Cotton Index	2845.5	-	2845.5	2845.5	2845.5
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Do, May	2845.5	-	2845.5	2845.5	2845.5
Do, June	2845.5	-	2845.5	2845.5	2845.5
Do, July	2845.5	-	2845.5	2845.5	2845.5
Do, August	2845.5	-	2		

LONDON STOCK EXCHANGE

Quiet but firm close to pre-holiday trading session
Index up a point at 498.9 for rise of 15.1 on week

Account Dealing Dates
Options
First Declara- Last Account
Dealings Dealings Day
Aug. 11 Aug. 23 Aug. 29 Sept. 8
Sept. 1 Sept. 11 Sept. 12 Sept. 16
Sept. 15 Sept. 25 Sept. 26 Oct. 6

*New time 9 am two business days earlier.

Equity markets yesterday managed to consolidate the useful advance made over the previous four trading days despite an even more noticeable lull in activity as the long Bank Holiday week approached. The FT-Actuaries All-Share index extended its high since compilation by 0.3 per cent more to 290.00 up 2.2 per cent on the week.

Industrials generally edged a little higher, but the day's business centred chiefly on the Electrical sector in which leading issues and secondary stocks often recorded further good gains. Various adverse rumours concerning the American hostilities held in Iran caused a little uncertainty at the opening. This was reflected in the FT 30-share index which recorded a loss of 0.3 at the 10 am calculation. But a small amount of selective support developed at the lower levels and the index picked up to finish a point higher on balance at 498.9 for a rise of 15.1 on the week.

Merchant Banks up

Anart from the continuing demand for Electricals, trading was featureless and few exceptional firm spots emerged. On the other hand, Mail Order shares were unsettled by the troubles at John Meers, the UPS subsidiary, which is being sold to Great Universal Stores. British Funds remained well in the forefront, with a consideration of the recent Public Sector Borrowing Requirement in the first three months of the financial year prompted a slighter easier trend which left medium and long term funds at a lower level. Business, however, was barely sufficient to test prices. The activity in Electricals was reflected in Traded options with 2000 contributing 225 of the total 888 deals. Also in demand were Lanthio and Marks and Spencer with 135 and 115 trades respectively. The week's daily average amounted to 886. In recent issues, Charterhouse Petroleum attracted further strong support and put on a 4 for a two-day gain of 9 to 89p, after 90p.

Merchant banks provided the

main movements in an otherwise lethargic banking sector. Renewed investment support prompted rises of 7 and 10 respectively in Arbuthnot Latham, 307p, and Brown Shipley, 368p, while Keyser Ullmann added 4 to 85p at 114p. Hires Purchases were occasionally better with Provident Financial notable with a gain of 4 to 140p.

Pearl continued firmly in Insurance rising 4 more making a gain on the week of 34 to 430p ahead of Wednesday's interim figures. Breweries attracted a useful two-way trade and closed with modest gains. Bass firmed a couple of pence more to 238p, while Greenall Whitley added a 10p to 222p. Wines and Spirits were featured by Distillers which rose 6 to 221p in response to the chairman's confident annual review.

With the notable exception of Blue Bird, which dropped 10 to 372p ahead of next Wednesday's half-yearly results, leading Buildings closed steady to firm. John Laing A put on 3 to 58p and Fairclough Construction 2 to a 1980 peak of 75p, the latter ahead of next Tuesday's interim results. Ammon Housebuilders, Gough Court firmed 3 to 104p, but Ward Holdings shed 2 to 42p on the interim statement. Brown and Jackson and Wilson (Fennell) added 1/2p to 130p and 100p respectively, while H.A.T. Group improved 1 to 394p. Elsewhere, Benford Concrete Machinery closed a penny cheaper at 41p, after 39p, the gloomy statement overriding the increased interim profits. Giffys and Davis A firmed 1/2p to 17p on the lower half-year earnings.

Mail-orders dull

Down 4 on Thursday on the downgrading by analysts of second-quarter profits due to the announced new Thursday. KCI opened a couple of pence higher at 364p but slipped back to the overnight level of 362p. Other Chemicals closed narrower mixed. Tropicana hardened 2 to 101p, but Catana, still reflecting the interim loss, shed that much in 4p for a fall on the week of 15. Weybridge, newly listed, was a 1/2p to 5 at 130p and Allied Colloids improved a couple of pence to 110p, but Yorkshire Chemicals shed a penny to a 1980 low of 33p; the last named announces interim results next Thursday.

A well-matched institutional business was transacted in Store majors and movements were usually restricted to a penny or two either way. Raybeck, annual results next Friday, added 2 for a two-day rise of 5 to 70p, but Gaudes A shed a couple of pence to 466p on further reflection of the John Myers deal with UDS, a penny cheaper at 70p. Other mail-order concerns also trended to lower levels with Empire and Freemans easing 4 to 166p, and 125p respectively, while Gratton Warehouse dropped 6 to 62p. In contrast, revived speculative demand was noted for Polly Peck, 8 firmed at 100p, while Wednesday's uneventful annual meeting helped Cope Sportswear, 4 better at 17p. The increase in full-year profits left K. O. Boardman 13 dealer at 61p. Lee Cooper net profit-taking and shed 5 to 162p, still up 17 on the week. Recovery prospects continued to buoy Harris Queensway, 8 up at 164p, and Bampers, 4 firmed at 52p.

Investment buying was again evident in Electricals, the busiest of the equity sectors. GEC were particularly active and rose 6 for a gain on the week of 26 at 512p. Racal advanced 10 more to 301p, while Thorn EMI picked up 8 to 372p. Secondary counters remained firm but rises were of smaller proportions than of late. Electromechanics added 5 to 725p, while late support lifted M.K. Electric 8 to 210p. Telephone Rentals closed 6 better at 375p, and Security Services topped a buoyant market on the recent results, rising 5 for a week's jump of 17 to 56p. News that the company is to resume full-time working at the beginning of next month helped the shares, which leapt 4 1/2p to 47p before settling for a net gain of 8 at 47p. A.B. Electronic hardened 2 more to 196p, but Unilever, 342p, lost 5 of the previous day's gain of 21 following the chairman's profits warning in his annual review.

Still buoyed by the announcement that the corporation has been settled for the unquoted securities of British Aircraft Corporation at 85p, Vickers rose 4 for a two-day advance of 9 at 135p. Elsewhere in Engineering, John Brown encountered profit-taking and eased a penny to 65p but retained a 10p to 10p on the week. A friendly market of late, Wolsley Hughes sprang to life as buyers appeared and the close was 14 higher at 247p. Mining Supplies put on 3 more to 149p on renewed speculative support.

while Martonair continued firmly at 207p, up 5p. Comment on the results helped Saville Gordon edge forward a penny more to 38p but AI Industrial Products fell 2 to 15p in reaction to the interim dividend omission and first-half deficit. M.L. Holdings, at 350p, lost 5 of the previous day's jump of 37 on the optimistic statement of the group's proposed £2m rights-issue.

Buying ahead of next Wednesday's preliminary results left Associated Dairies 6 dearer at 214p. Other leading Foods, prominent of late on institutional support, held steady as the emphasis switched to selected secondary issues. Buying in a market none-too-well supplied with stock lifted Hazlewood's 5 to 100p, while Linford became a good market and added 3 to 15p. Meat Trade Suppliers put on 2 to 84p following an investment recommendation, while Joseph Stocks rose 6 to 100p on buying ahead of next Tuesday's preliminary results.

Among Hotels and Caterers, Ladbroke, interim results next Wednesday, firmed 3 to 196p.

HK & Kowloon up

Hong Kong based issues became prominent in an otherwise subdued miscellaneous industrial sector. Still reflecting the announcement that shipping magnate and major shareholder Sir Y. K. Pao is to replace Mr. David Newbould as chairman, Hong Kong and Kowloon Wharf rose 4 1/2p making a two-day jump of 8 to 775p, after 800p. Cheung Kong were active and 15 higher at 214p, while Reality Development Corporation A closed 6 1/2p better at 52p. Elsewhere, buying in a thin market lifted Hunting Associated 20 to 335p, while speculative support left Office and Electronic up 10 to 357p. Share-altering hopes prompted a fresh gain of 15 to 540p in De La Rue, while improvements of 4 and 8 respectively were seen in London and Midland, 111p, and Portals, 383p. Marling Industries hardened 2 to 21p in response to Press comment. Mollam Sleigh and Coston, however, ever, gave up 2 to 10p on the interim deficit and Fitzwilliam dropped 1 1/2 to 40p in reaction to the reduced first-half earnings. The leaders closed quietly mixed. Further consideration of the proposed redundancies at its Reed Paper subsidiary left Reed

International a couple of pence easier at 200p.

Coral Leisure dropped to 54p in immediate reaction to the interim profits slump before closing 4 down on balance at 56p.

Press mention failed to inspire A.C. Cars which were sold down to 45p before closing 6 lower on balance at 48p. Elsewhere in Motors, Flight Refuelling rose 8 more to 246p, while Rolls-Royce firmed 2 1/2 at 64p.

Properties encountered a useful two-way business which left a majority of modest gains in the leaders. Elsewhere, Marler Estates put on 5 to a 1980 peak of 56p, but Rush and Tompkins shed 5 for a three-day fall of 14 to 206p on fading bid hopes.

Financials were featured by Alkroy and Smithers which advanced 19 to 322p on the efforts of a solitary buyer, R. P. Martin added 3 for a rise on the week of 12 at 72p following the pleasing annual results; yesterday's announcement that Tangora, a Panamanian concern, has acquired a near-16 per cent stake in the company had no apparent effect on the share price.

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FINANCIAL TIMES STOCK INDICES

	Aug. 28	Aug. 29	Aug. 30	Aug. 31	Aug. 18	Aug. 19	Aug. 20	Aug. 21	Aug. 22
Government Secs.....	68.87	69.18	69.13	69.07	69.33	69.48	69.48	69.48	73.45
Fixed Interest.....	70.48	70.58	70.58	70.55	70.58	70.58	70.58	70.58	74.67
Industrial.....	488.9	497.9	491.7	488.1	487.6	488.8	488.8	488.8	485.0
Gold Mines.....	280.5	284.0	279.0	279.9	282.2	282.2	282.2	282.2	282.2
Ord. Div. Yield.....	7.25	7.27	7.35	7.42	7.43	7.48	7.48	7.48	7.48
Earnings, Yld. 2 (Full P/E Ratio (x) (%).....	17.4	17.18	17.30	17.43	17.43	17.55	17.55	17.55	17.55
.....	7.05	7.04	6.98	6.95	6.94	6.94	6.94	6.94	6.94
Total Marginals.....	16.855	17.505	17.011	17.334	17.337	17.522	17.522	17.522	17.522
Equity turnover 200.....	—	133.67	99.23	105.83	89.96	89.94	89.94	89.94	89.94
Equity balance 200.....	—	18,409	18,976	15,408	15,266	11,567	11,567	11,567	11,567

LET THE GIN BE
HIGH & DRY!

Really Dry Gin



FINANCIAL TIMES

Saturday August 23 1980

We made
them first,
we make
them last...

Stothert & Pitt
Roofers, plumbers, dampers & concrete plant.

MAN OF THE WEEK

Defending the right to seek changes

BY CHRISTOPHER
BOBINSKI

THE MORE enlightened among the Polish security men who sat in Mr. Jacek Kuron's three-roomed flat in Warsaw on Wednesday afternoon, arresting anyone who came in, must have realised that their action was more symbolic than practical. By arresting Mr. Kuron and some of the other members of the dissident KOR social self-defence committee, the authorities were in no way making agreement with striking workers in the Baltic ports of Gdansk and Szczecin any easier. And, indeed, the strike movement is now so strong that the detention of those country's Communist leadership is saying are responsible for the trouble can do little to weaken the workers' resolve.

And while KOR is not running the strike in the northern port towns, the stamp of KOR thinking is clearly discernible both in the political demands the strikers have put forward and the care they are taking not to be provoked into violence. One of the fears that has haunted 46-year-old Mr.



Jacek Kuron
Peaceful ways of making
changes in Poland

Kuron, a leading member of the group set up in 1976, is that the mounting discontent in the country should at some point erupt into a popular revolt which would end in bloodshed. Harassed and victimised but nevertheless permitted to exist, KOR stayed at best over the years a pressure group for the defence of human rights made up of at most a few hundred mainly young people.

Nevertheless, the past four years of persistent activity producing statements which were later broadcast back to Poland by Western radio stations, duplicating texts and distributing them, helping people in need, and popularising the idea of independent trade unions, has had its effect. Mr. Kuron, one of the most influential and energetic members of the group, learned about the nature of the system when he was himself a senior member of the Communist youth movement in the 1950s.

Throughout those years and during Poland's October 1956 liberalisation, he stuck to his conviction that changes could be brought about by working through the system. His ideas evolved, however, and in 1964 he wrote, along with Mr. Karol Modzelewski, a young historian, an Open Letter to the Party, which predicted a working class overthrow of the party democracy and the introduction of real socialism. This thesis which was eagerly taken up by Trotskyists in Western Europe earned him and his co-author a three-year prison term.

He emerged in time to play a part in the short-lived student demonstrations in March 1968, which put him back into prison for another three years. It is a tribute to his courage and stubbornness that he came out in 1971 still determined to change society but with few illusions that Marxist ideology had anything constructive to offer. But again it is a measure of his realism that his deep conviction that no society can function without freedom for people to organise and express their opinions, was moderated by the consciousness of the limits to Poland's freedom of action, imposed by the Soviet Union next door.

Mr. Kuron's and KOR's role was summed up on Thursday by Mr. Lech Walesa, one of the Gdansk strike leaders. "By their courage in the past, they showed us how to organise and peacefully work for our rights," he told an applauding conference hall at the Gdansk shipyard. "We can't let the authorities destroy them."

U.S. consumer prices steady

BY DAVID BUCHAN IN WASHINGTON

AMERICANS' COST of living, measured by the consumer price index, did not rise in July, the Labour Department reported yesterday. But Government economists immediately warned that fresh increases were in the pipeline.

The halt to the rise in the index resulted from a 5.7 per cent decline in mortgage interest rates reported last month, which cancelled out increases in food and other prices, leaving the index unchanged from the June figure. It was the first time in 13 years that the index showed no increase.

Economists said food prices, which rose 0.9 per cent in July, were likely to continue their upward trend, while mortgage rates are on the rise again. Administration officials warned that housing prices and mortgage rates have a distorting effect, because they are given a large (23 per cent) weighting in the index. An additional quirk is the time lag before mortgage rate changes show up in the index. The decline that depressed the overall July figure is based on mortgages negotiated in early June, the Labour Department said yesterday.

The July inflation figures were very welcome for President Jimmy Carter, who will be quite happy to let the electorate have the impression that his Administration has briefly stopped inflation dead in its tracks.

His campaign against Mr. Reagan, the Republican challenger, opened in earnest this week on foreign policy and defence issues. But all are agreed the main battleground in the election will be the economy.

However, the Administration might find it awkward if Congress chooses to interpret the July stability in the Consumer Price Index as a green light to approve quickly a general tax cut for 1981.

The White House has argued that tax proposals should be left until next year, when inflation has been brought under more permanent control. Yesterday the Senate Finance Committee finished initial work on a \$39bn (£16.5bn) tax cut for 1981, though it is doubtful that this would pass the full Congress this year.

Americans who have not recently taken out mortgages would not have found prices any lower last month. Food prices increased quite sharply because of the effects of the recent drought in much of the U.S. Clothing, medical care and transport were also more expensive.

In the last category petrol prices did decline after seasonal adjustment, although by less than in May and June. Oil companies have been cutting prices

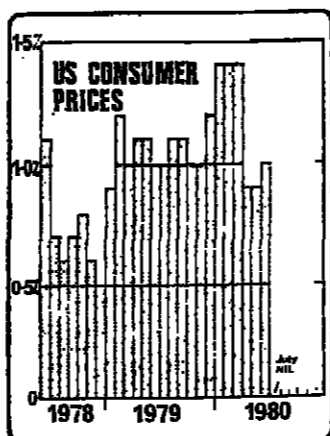
because of high stocks and low consumption.

In the past six months overall consumer prices have risen at an annual rate of 11.3 per cent, with the July figure bringing a marked decline in the increase. However, the Administration is aiming to bring inflation down to an annual rate of around 8.5 per cent in the second half of this year.

Before July, the Consumer Price Index rose by 0.9 per cent or more every month for 18 months. The June increase was a full 1 per cent.

David Lascelles adds from New York: Jubilation on Wall Street at the inflation news was sharp but short-lived. The zero figure was a lot better than had been expected, and this gave the stock and bond markets an early lift. The Dow Jones Industrial average levelled out eight points higher by noon, but bonds then retreated slightly.

As the latest wholesale price index showed last week, large increases in food and other wholesale costs will be finding their way through to the consumer price index in coming months.



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Goldsmith share dealings probed

By Christine Moir

THE DEPARTMENT of Trade is investigating a complaint that Sir James Goldsmith has been in breach of section 27 of the Companies Acts by not disclosing share dealings in Generale Occidentale.

Although Generale Occidentale is a French company, it is also the ultimate parent of Cavenham, the UK-based food retailing and distribution group, which still has preference shares quoted on the London Stock Exchange.

Under UK company law, therefore, Sir James, as chairman of Cavenham, would normally be required to disclose all his share dealings in the parent company, GO.

However, in June last year, Sir James is believed to have sought exemption from the disclosure provisions under a rule which relates especially to British companies wholly owned by foreign companies.

The complaint now being investigated by the Department is that the exemption does not apply in the case of Cavenham, which continues to have outside British shareholders of preference shares even though GO holds all the ordinary capital.

The DoT's investigation is not yet complete, but it has already been outlined by events. Sir James and a number of other directors of GO who also held board seats at Cavenham resigned from Cavenham at the end of July.

Meanwhile in New York Sir James and a number of other directors of Basic Resources International, is defending a civil court action based on allegations of breaches of similar provisions in the Securities Exchange Acts in the U.S.

GO has a significant stake in Brisa, a Luxembourg-registered oil exploration company but with U.S. shareholders and traded over-the-counter in New York. Sir James is chairman of the executive committee.

Early last year Brisa planned a rights issue underwritten by Banque Occidentale, part of the GO group. Under Securities Exchange Acts, this would normally have required Brisa to register in the U.S.

Instead Brisa polled shareholders and obtained 98 per cent acceptance of a proposal to go ahead with the rights issue without registering. Sir James and GO did not vote on the issue. Brisa argued that it had exemption from the requirements of the acts because it was controlled by a foreign company supervised by a foreign Stock Exchange, in this case Luxembourg.

The court action, brought by two shareholders, challenges the exemption, and alleges breaches of general anti-fraud provisions of the acts relating to misleading information alleged to have been given to shareholders during the rights issue. The company has moved for the case to be dismissed.

Cavenham results Page 14

Continued from Page 1

Times

per cent recommended by the arbitrator.

The journalists were last night seeking the support of print workers and other Fleet Street journalists to build up a strike fund. But about 60 editorial staff, including some 40 who belong to the rival Institute of Journalists, were said to have told the management they wanted to work normally.

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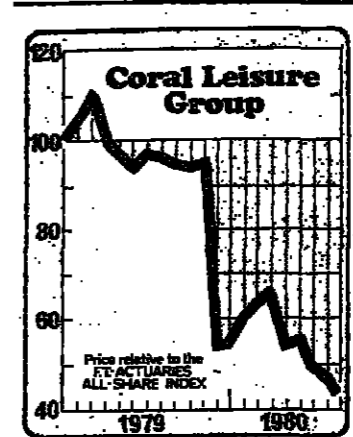
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THE LEX COLUMN

Coral strikes a reef

Index rose 1.0 to 498.9



Having slipped in late July, when a correction was taking place in gilt-edged prices, equities have regained their stamina now that gilts seem to have found a relatively stable trading range. Although the F.T. 30-share Index just failed to break through the 500 mark yesterday, the All-Share Index has moved back above the peak levels reached a month ago.

The equity market may now find it hard to make much further progress unless gilt-edged begin to move ahead. The bond market has taken a dreadful battering from money supply and public borrowing figures during the last fortnight, but even at present levels it is discounting a substantial fall in interest rates. Investors clearly still believe that the recession will produce such a fall eventually, even if they find it difficult, just at the moment, to see how.

The Bank of England has treated gilt-edged very gently since the distressing July banking figures were published; there has been no question of trying to foist top stocks on the market in such a delicate condition. But the interest rate environment remains hostile. Although the Treasury bill rate fell slightly yesterday, reflecting the shortage of reserve assets, interbank rates rose again, and one month money is back to 17 per cent. Rising U.S. rates make a gloomy backdrop.

Coral Leisure

With two former directors facing criminal charges and its casino licences under threat, this is an unhappy time for Coral Leisure to emerge with a savage reduction in pre-tax profits at the interim stage: down from £5.9m to £327,000. The share price dropped a further 4p yesterday to 56p. Coral's market capitalisation — at £47m — is now below the £48m it paid for Pontin's at the beginning of 1978 in shares and cash.

Casino earnings have been sharply cut by the absence of high-rolling customers this year — a squeeze that has reduced London Playboy's operating profits by 11 per cent in the 12 months to June in spite of the reduction in the number of rural London casinos operating. Bookings are down for Coral's hotels.

In Ladbroke's case, by contrast, although the difficult climate may reign in the strong non-casino performance of last year, the dividend will remain well covered by non-casino earnings—something that Coral cannot claim. Moreover, Ladbroke's level of debt is much more modest than Coral's, where net borrowings have edged up from £63m since the end of 1979.

Coral is conserving cash by cutting back capital expenditure from £20m to £9m and the deal to sell control of Centre Hotels is still on, though it has slipped from being "imminent" in May to taking place "shortly" now. Pre-tax profits for the year may be about £14m, allowing for increased depreciation charges following an asset revaluation, against £24.7m. After stripping out casino earnings that could leave earnings of less than 6p per share. On the basis of an unchanged dividend of 7.5p per share the yield is 19 per cent, so the market is clearly expecting a cut. With net tangible assets emerging at about £90m after the revaluation, a bid may be the best hope.

M & G

Since December last, when it first disclosed the existence of a major tax liability connected with an offshore life fund, M & G has been buying in the fund's policies aggressively in order to

reduce the extent of potential losses. It originally suggested that a provision of £7m might be necessary: by the time of its accounts this had been reduced to £3.7m and now—thanks to more policy surrenders and an arrangement with Swiss Re—insurance—the figure is down to £2.2m and may even fall further.

So M & G no longer needs the £3m of support pledged to it by Kleinwort Benson, but still retains an option, to take its stake in M & G from 37 per cent to 51 per cent through subscribing new shares at 30p per share. M & G has been criticised for granting this option in the first place, but the scale of its exposure—at one point it became clear retrospectively that the potential liability had touched £11m—gave it no choice.

The write-back of part of last year's £3.7m provision, the strength of the stock market and the strong flow of new investment business are all helping M & G's net asset value at present, and by the September balance sheet due shareholders' funds may be around £11m, or 125p a share. M & G will certainly be anxious to push the striking price on KB's option to a level at which the bank will not be seen to be buying it on the cheap, and might well consider not buying at all, though it will want to pay some final dividend to keep trustee status. M & G will try to retain as much profit as possible, and the payout may be purely nominal—simultaneously buying KB on the income front and raising the cost of new shares.

For KB, the option was originally a way of protecting its investment in M & G, but now that the company has recovered, the question of whether or not to exercise it will be more a matter of corporate planning. As long as the M & G share (currently 161p) holds its present relationship to assets backing subscription by KB would amount to a restricted rights issue at the market price good news for other existing shareholders. Against this, of course, stands the surrender of control, but the practical difference between KB's having a 51 per cent and 37 per cent with a third of the board may be negligible.

Weather

UK TODAY

SHOWERS IN E. dry with sunny spells elsewhere.

London, S. and S.E. England, Midlands

Dry, sunny periods. Max. 19-20C (66-68F).

E. Anglia, E. and N.E. England, Borders

Sunny intervals, showers, cool. Max. 15-17C (59-63F).

Channel Isles, S.W., N.W. and N. England, Wales

Dry, sunny intervals. Max. 18-19C (64-66F).

Lakes, I. of Man, S.W. and N.W. Scotland, Glasgow, Argyll, N. Ireland

Dry, sunny intervals. Max. 16-18C (61-64F).

Rest of Scotland, Orkney, Shetland

Cloudy, showers, cool. Max. 13-16C (55-61F).

Outlook: Sunny periods, warmer.

WORLDWIDE

Y'day midday Y'day midday

Algeria S 26 74 Locarno S 30 88

Algiers S 28 84 London C 17 63

Amman S 27 81 Luxembourg C 13 55

Athens S 28 81 Madrid S 36 97

Bahrain S 30 100 Luxor S 38 99

Barcelona S 27 81 Malaga S 36 97

Bombay S 28 81 Manila S 31 88

Buenos Aires S 26 79 Mexico S 21 70

Buffalo S 24 75 Moscow S 17 63

Bombay S 28 81 Montreal S 16 61

Bombay S 28 81 Moscow S 17 63

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Continued from Page 1

Polish strikes

being released before 48 hours were up... after which the authorities would have had to charge them.

Robert Graham writes from Madrid: Sr. Marcelino Camacho, head of the Communist-controlled Confederation of Workers' Commissions, returned to Madrid last night after holding talks with the official Polish trade unions in Warsaw.

On his return he said that he had been told that a new labour law was under preparation in which envisaged the right to strike and greater autonomy for the unions.

The official unions in Poland were in agreement on the fundamental economic claims of the strikers, and were willing to find ways to establish a dialogue.

He felt that if the Polish

movement had wished to crush the unofficial strikes it could have done so. He recognised that there were interlocking interests between the official trade union movement, the Communist Party and the State.

Peter Montagnon adds: Poland's Bank Handlowy signed a \$325m, seven-year Eurocredit yesterday arranged with a consortium of international banks under the co-ordination of the Bankamerica International Group. The credit, the subject of protracted negotiations, bears a margin of 1½ per cent over interbank rates.

Originally the amount was mooted at \$500m. The lower eventual result reflects banks' concern over Poland's large external debt and its economic management, rather than the present unrest.

Continued from Page 1

Times

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Times

Murray Northern Investment Trust Limited

New investment outlook

Annual Results for the year ended 31 May, 1980

	1980	1979
Equity shareholders' interest	£21,015,734	£21,635,299
Asset value per share	75-1p	77-4p
Revenue available for ordinary shareholders	£493,915	£423,291
Earnings per ordinary share	1-79p	1-54p
Ordinary dividends per share	1-75p	1-50p
Capitalisation issue in B ordinary shares	2-32992%	1-35028%

Geographical distribution of investments at 31 May, 1980

Geographical distribution of investments at 31 May, 1980				
	1980	1979		1980
UK	40.2%	37.7%	Europe	2.9%
North America	36.8%	31.8%	Brazil	0.9%
Japan & Asia	14.3%	13.8%	South Africa	1.2%